Daily Report

Central Eurasia

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Central Eurasia

FBIS-SOV-96-133 *10 July 1996*

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Russia: Official Election Result Figures Published

MM0907194196 Moscow ROSSIYSKAYA GAZETA in Russian 10 Jul 96 p 1

["Russian Federation Central Electoral Commission Resolution No. 110/837 on the Results of the Russian Federation Presidential Elections" — ROSSIYSKAYA GAZETA headline]

[FBIS Translated Text] The second round of the Russian Federation presidential elections was held 3 July 1996 between the two candidates — B.N. Yeltsin and G.A. Zyuganov — who received the most votes at the 16 June 1996 elections.

On the basis of 89 returns from the electoral commissions of the Russian Federation components and 397 returns from precinct electoral commissions of electoral districts formed outside Russian Federation territory the Russian Federation Central Electoral Commission has determined by means of adding up the data contained in them that the votes of those voters who took part in the second ballot were distributed as follows:

A total of 40,208,384 votes were cast for Boris Nikolayevich Yeltsin;

A total of 30,113,306 votes were cast for Gennadiy Andreyevich Zyuganov;

A total of 3,604,550 votes were cast against all the candidates.

On the basis of a Central Electoral Commission protocol of 9 July 1996 on the results of the election for president of the Russian Federation from the second ballot and in accordance with Articles 55 and 56 of the Federal Law "On the Election of the Russian Federation President" the Russian Federation Central Electoral Commission resolves:

1. To deem the Russian Federation presidential elections of 3 July 1996 valid.

2. To deem Boris Nikolayevich Yeltsin elected to the post of Russian Federation for a second term.

3. To publish the results of the second round of the Russian Federation presidential elections, which was held 3 July 1996, and this resolution in ROSSIYSKAYA GAZETA and to send them to other mass media.

[Signed] N.T. Ryabov, chairman of the Russian Federation Central Electoral Commission

A.A. Veshnyakov, secretary of the Russian Federation Central Electoral Commission

[Dated] Moscow, 9 July 1996

Results of Russian Federation Presidential Election on the Basis of the Results in the Second Round of Voting, 3 July 1996

In accordance with the Federal Law "On the Election of the Russian Federation President," the Russian Federation Central Electoral Commission officially announces the results of the election of the Russian Federation president, on the basis of the results in the second round of voting which were obtained by totaling the figures contained in the returns of the electoral commissions of the Russian Federation components and the returns of the precinct electoral commissions of electoral precincts formed outside the territory of the Russian Federation.

Number of electoral commissions of Russian Federation components	89
Number of precinct electoral commissions of electoral precincts formed outside the territory of the Russian Federation	397
Number of returns of electoral commissions of Russian Federation components	89
Number of returns of precinct electoral commissions formed outside the territory of the Russian Federation	397
Number of voters entered on the electoral roll including voters entered additionally on the roll	108,600,730
Number of ballot papers issued to precinct electoral commissions	105,829,539
Number of ballot papers issued to voters at polling places on election day	71,200,562
Number of ballot papers issued to voters voting outside voting premises	3,615,336
Number of canceled ballot papers	31,013,641
Number of ballot papers contained in portable ballot boxes (not counting irregular ballot papers)	3,613,497
Number of ballot papers contained in fixed ballot boxes (not counting irregular ballot papers)	71,093,148
Total number of valid ballot papers	73,926,240
Total number of ballot papers deemed to be invalid	780,405
Of which: Number of ballot papers not containing marks in any of the boxes	103,175
Number of voters who took part in the election	74,815,898
Number of voters who took part in the voting	74,706,645
Number of votes cast for each candidate	
Yeltsin, Boris Nikolayevich	40,208,384

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Zyuganov, Gennadiy Andreyevich	30,113,306
Number of votes cast against all candidates	3,604,550
Number of voters who obtained exemption certificates from electoral precincts [to permit them to vote elsewhere]	1,834,467
Number of voters who voted at polling places on the basis of exemption certificates	1,483,340

The Russian Federation Central Electoral Commission has deemed the election valid.

[Signed] The Central Electoral Commission of the Russian Federation

Russia: Election Results, Future Outlook Examined

MM0907135896 Moscow PRAVDA in Russian 9 Jul 96 pp 1, 2

[Article by Boris Slavin under the "Observer's Opinion" rubric: "Looking Back on the Election..."]

[FBIS Translated Text] The more distant the presidential election becomes, the starker its significance becomes and the more objective its analysis must be. It is now absolutely clear that the desired "left turn," such as happened in Poland, did not happen in Russia. Instead we now have a society split into three approximately equal parts with completely different views of the course of reforms that is being pursued.

The majority of those who took part in the vote, and that means over 40 million people, are absolutely convinced both of the need for such reforms and of their long-term benefit. Conversely the 30 million who voted for the people's patriotic bloc candidate believe that the old life was better for them than today's life and they link the country's movement toward almost inevitable catastrophe with the radical reforms imposed on society. Finally, the third section, which stayed home or voted "against all" (over 30 million people), do not believe any of the current presidential contenders and clearly think that these elections cannot fundamentally improve anything. However, this generally depressing election result needs closer analysis.

Why Did B. Yeltsin Win?

This question is not as easy as it seems. Logically he should have lost the election because he was unable to fully resolve any of the problems that had built up, be it the stagnation of production, the impoverishment of the majority of the people, rising unemployment, the chronic wage arrears, the decline of science, culture, and education, the continuing conflict in Chechnya, and so forth. Despite all this, Yeltsin polled the majority of the votes.

The easiest thing of all is to attribute his success to the blanket influence of the dominant mass media which sided with the president and launched outright war against the people's patriotic bloc candidate which it waged without any rules of decency or even a semblance of objectivity. Just look at the so-called newspaper NE DAY BOG, for example, the special publication with its pathological anti-communism distributed free of charge to the voters in tens of millions of copies. All this is true but nevertheless the reasons for Yeltsin's election victory go deeper than that.

First, he succeeded in convincing a huge proportion of the country's population that he is the champion of the ideas of progress, democracy, and freedom which are the antithesis of the undemocratic character of the old Soviet society. It is these ideas which ultimately won for Yeltsin the votes of the waverers among the supporters of the so-called democratic opposition. Even such recent events as the forcible dispersal of the May Day demonstration, the shelling of the White House, the ban on the opposition press, and so forth were no obstacle to him here. Most people had forgotten them. Clearly this was due to the fact that there was no repetition of these things after the adoption of the Constitution. Many voters were under the impression that we have indeed entered a certain democratic phase of development enabling the Communists to form the parliamentary majority, publish opposition newspapers and magazines without let or hindrance, and hold anti-government pickets, rallies, and demonstrations.

Second, Yeltsin succeeded in creating the appearance of his personal political activeness and energy, especially recently. He began to resolve the Chechen problem, paid many budget-funded workers their wage arrears, and showed firmness toward NATO's eastward expansion. He managed to give one-shot material support to certain workers in the military-industrial complex, science, and culture and turned the latter into active propagandists for his ideas.

Yeltsin was also successful in his political opponent's domain. He reinstated the Red Banner of Victory and thus touched the hearts of many previously humiliated war veterans. He launched into extensive demagoguery over the future solution of the problems of social justice and the protection of the unfortunate and socially unprotected. Finally, he seized from Zyuganov the ideas of state patriotism, the preservation of the integrity of Russian statehood [derzhavnost], and so forth. If you add to all this the czarist traditions and yearning for order which have not disappeared from the Russians'

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consciousness and which Lebed played on, you will see that Yeltsin managed to create for himself the image of the caring and strict father of the nation which ultimately earned him the majority he needed.

However, the main thing that Yeltsin managed to do during his years in office is to fill the stores in various Russian cities. And although goods in the stores are not the same as goods in people's refrigerators or cupboards at home, their very existence pleases the eye and proves that the market economy is effective. And even if most of these goods are imported the ordinary individual, the man in the street if you like, is profoundly indifferent about who produces them and how: The main thing is that they exist and that he can buy them without having to wait in line. And quite a large number of people today do have the opportunity to buy them, especially people living in such megalopolises as Moscow, St. Petersburg, Yekaterinburg, and so forth. It is logical that Yeltsin won the overwhelming majority of the votes in those cities. It is no coincidence that people working in the well-paid raw-materials sectors of industry voted for Yeltsin, as did those engaged in the shuttle trade business and those who get their cut from trade deals in border regions and port cities.

The president's election campaign showed that those people in Russia who have the power also have the money. At the same time this confirmed the Western political analysts' thesis that it is impossible to win the presidential election without spending hundreds of billions of rubles on it. Clearly he obtained these billions not just from private individuals and banks: There is a belief that this also involved picking the state's pocket as is graphically illustrated by such incidents as the removal of $500,000 in cash from the government White House for the needs of the presidential election headquarters and the countless costly posters of Yeltsin and [Moscow Mayor] Luzhkov which still adorn all the streets in the center of the capital.

A characteristic of Yeltsin's election campaign was the tactic based not so much on the positive achievements of the "democratic era" as on the unbridled anticommunism launched in the mass media to incite people's fear of civil war, the possibility of the return of Stalinism, the Gulags, food coupons and ration cards, and so forth. It must be admitted that this maneuver worked well for him because deep down most of our people still have an innate hostility toward these distorted and tragic manifestations of the past.

This essentially negative program enabled Yeltsin to win the presidential election but it did not and could not do anything to resolve the many vital problems that ordinary people face every day and which no elections can resolve. However, we will speak about them later, after an analysis of G. Zyuganov's presidential election campaign.

Why Did G. Zyuganov Not Win?

According to the experience of the East European countries which have endured "shock therapy," Russia's Communists should have won. That was shown by the figures of previous election campaigns in which the number of votes cast for representatives of the opposition increased each time. Stage two of the presidential election was no exception: Over 40 percent of the votes cast went to Zyuganov, which is 18 percent higher than in December and 8 percent higher than in round one. Nevertheless, he was over 13 percent behind Yeltsin in round two and thus lost the election. The logical question is: Why did this happen?

In my view it happened primarily because Zyuganov failed to prove to the majority of the Russian people, above all the young and the intelligentsia, that his ideological and political position is progressive. In particular, he failed to convincingly rebut his political adversary's thesis that today's Communists want to go back to the past, that by their nature they are "eternal yesterday's men" with a nostalgia for Stalin's times and ways. Unfortunately, Zyuganov's frequent evocation of Stalin's image and phrases confirmed that thesis in many people's eyes.

In my opinion, it is not hard to understand that such a position by the Communist leaders really scared young people away from the people's patriotic bloc. I believe that certain political analysts are mistaken when they say that it attracted the war veterans' votes. Public opinion polls show that war veterans who are receiving higher pensions voted for Yeltsin as a rule and that to many of them his toughness was reminiscent of Stalin. Despite the repudiation of state atheism the Communist Party of the Russian Federation [CPRF] leader failed to attract true believers to the bloc.

But in my view, the main weakness of the bloc and its leader was the lack of a firm link with the working class and the engineering and technical intelligentsia. Ultimately the latter were neglected ideologically and politically. Unfortunately the Communists did most of their work not in the plants and the scientific research institutes but in their own environment, which was bound to affect the results of the voting in the country's major industrial centers. The votes cast for Yeltsin by workers and engineers there undoubtedly decided the outcome in his favor. Workers and engineers are the hired employees who form the social base of any left movement and you simply cannot forget about them.

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The Communists also fared badly among young people. In my opinion, they lacked the scientific and, at the same time, the romantic idea that young people could associate with, yet such an idea does exist. It stems from the very essence of the Marxist approach to history and is called humanism. This idea is not abstract but is acquiring flesh and blood today commensurate with the development of the post-industrial society in which creative labor begins to bear a mass character. Man's alienation from the results of his labor, power, and culture is overcome in such a society. The main obstacle here is the preservation of the hired labor system. To overcome this and to make every worker a master of production and thus a truly free individual is the exalted and noble task for all representatives of the younger generation.

The ideals of humanism and free labor have always been shared by many social democrats, socialists, and communists not belonging to the Communist movement today. At the same time they took an extremely negative view of the attempts to replace classic socialist ideals with a conservative-state power ideology. As a result they were forced to vote "against all." The Communists also took a fairly vague stance on the market economy and the correlation of private, state, and social ownership. To many people it was unclear whether the Communists would preserve private property after coming to power and if so in what proportion. Will it remain the dominant form, as it is now, or will it be a subordinate form under the close control of the state's power structures?

Ideology has always been a concentrated expression of policy. Only the clarity of program ideas and goals can provide a clear line of conduct and action for politicians. In this connection it was necessary to define more clearly the boundaries of the opposition electorate and to cooperate with it closely without fearing principled criticism of the government and its head.

One final point. Success in the presidential election depends largely on the right choice of presidential contender and on his ability to conduct a consistent and energetic election campaign. In this sense, I believe, it is not obligatory to put forward the Communist Party leader specifically and exclusively no matter how influential that party may be. This sharply restricts the opposition electorate and renders it politically and psychologically vulnerable.

It is bad, of course, that the left opposition failed to win the recent presidential election. But every cloud has a silver lining, as the saying goes. As a result it avoids the responsibility for the past and largely destructive policy of the radical democrats who, by remaining in power, will soon face the kind of serious problems that could make their election victory seem a Pyrrhic one.

What the Future Holds in Store for Us

The official authorities are still trying to convince people that after an enforced stagnation in the implementation of the reforms due to the presidential election there will soon be an upturn in the economy, an investment boom in production, and consequently a sharp fall in unemployment and an improvement in life for all strata of society.

Unfortunately the objective facts indicate the opposite. The economy is continuing to decline. Compared with last year the volume of industrial and agricultural output is continuing to fall significantly. Over the past five years there has been virtually no renewal of productive capital: 80 percent of it is worn out. As a result of an inept tax and credit policy there has been a considerable reduction in the number of kolkhozes, private farms, and entrepreneurs willing to invest their capital in the production sphere. There is no need to go into detail about such problems as rising unemployment, the declining social sphere, and the continuing rise in prices for transportation and consumer goods. There is every reason to believe that after the presidential election this trend will not only not disappear but will intensify sharply.

The point is that the state today cannot finance its budget plans and is on the brink of physical collapse. Since the election currency reserves have fallen sharply and the state's debt to the banks is astronomical. On the eve of the election, as is well known, the government sold to the banks securities (short-term state bonds) approximately equal in value to tax revenue in order to settle the debt owed to budget-funded workers. At the same time it promised to pay the banks interest of 100-200 percent a year on these securities. The redemption date is drawing relentlessly closer but the treasury is empty. If the government's policy remains oriented toward the IMF's monetarist criteria it will be forced to suspend the development of the country's infrastructure or revert to the practice of withholding wages and pensions to working people with the threat of a social explosion and the complete disillusionment of the people.

An even less effective method of finding money is to turn on the printing press: This inevitably leads to inflation, higher prices, and consequently more social tension. What is the solution? Pinning hopes on small-scale but crippling Western credits can hardly rectify the situation fundamentally and a continuation of the security pyramid game will result sooner or later in the

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complete collapse of the financial system. A reliance on private sector investments and the rapid return of money from abroad is also unlikely to work: Money only goes where the situation is stable and there is a firm guarantee of profit. Russia has neither of those things today.

In my view the ruling regime has only one possible way out of the prevailing crisis situation. The firm repudiation of the previous neoliberal policy of reforms and a transition to a consistent policy similar to that which was pursued in the United States in F. Roosevelt's day and in Japan and Germany after the war. In this connection the present Russian Government will be forced to build into its program many elements of the opposition platform and perhaps offer key ministerial posts to opposition representatives. The creation of a coalition government of people's trust could stabilize the situation in the country and trigger an upturn in its economy. Otherwise financial-economic bankruptcy and the intensification of social confrontation are inevitable.

Boris Yeltsin has been given another reserve of trust by the majority of voters for the next four years. We will soon know whether he is able to use it wisely. We will also find out how far the opposition is able to draw the right conclusions from its mistakes in the recent presidential election.

Russia: Pro-CPRF Daily Analyzes Election Outcome

MM0807133896 Moscow SOVETSKAYA ROSSIYA in Russian 6 Jul 96 p 3

[First in series of articles by Aleksandr Frolov under the "Analyst's First Glance" rubric: "Why Did Yeltsin Manage To Win?"]

[FBIS Translated Text] Evaluation of the results of any elections can be approached from various viewpoints. Let us leave for the future the question of what Yeltsin's second term as president will mean for Russia. Let us ask ourselves why Yeltsin managed to win.

Analogies

This year's direct general elections of heads of the executive in Poland, Israel, and St. Petersburg have been so strikingly similar you would think their scenarios were carbon copies.

Everywhere the incumbents lost. They were all — Walesa, Peres, and Sobchak — not fly-by-night politicians but, in the full sense of the word, symbolic figures personifying a qualitatively new era in the history of their countries or "guberniyas." While for their part the winners are not continuers of the policies of the former regime but represent a political line that in many respects constitutes an alternative to the previous one. They all prevailed over their rivals in defiance of most sociological forecasts, although by a very small, virtually microscopic margin. And this deprived them of the room for maneuver which a more substantial victory could have provided.

These coincidences are scarcely accidental and indicate that the world is indeed entering a new phase of "sea change."

In terms of many parameters the elections in Russia were reminiscent of the above examples, but the result was different. Why?

Two Main Observations

For the moment these are merely observations, a noting of phenomena whose essence and significance need to be clarified.

One. A lot certainly remains to be said and written about the fact that the election result was the "product" of the electronic mass media.

Indeed, such a rampage over the airwaves, such shameless flouting of the law and of the rights of one of the candidates, and such fueling of hysteria and hatred may never have been seen before in world history, at least in the civilized part of the world. The consequences of the multi-megaton propaganda strike delivered against Russian citizens are unpredictable with regard to the nation's mental health.

Two. Strictly following the idea of an all-national bloc, Zyuganov himself did not focus voters' attention on his party affiliation. However, the mass media presented him exclusively as a Communist. His program was emphatically general democratic in nature. However, it was hushed up in every possible way, and via the airwaves voters were presented with an entirely different, bogus program — a mixture of GULAGs and expropriations. As one Duma deputy remarked, Zyuganov was at least lucky he is "just" a Communist and not a Jew or a Catholic into the bargain. Or else without fail he would have been accused of personally crucifying Christ and kindling all the fires of the inquisition.

Whether our candidate liked it or not, voters voted for him precisely as a **Communist** and furthermore had only a very approximate idea of his specific program. In other words, they were voting for an idea, a banner, a symbol. The fact that amid the monopoly dominance of the airwaves by the most unbridled anticommunist hysteria this idea met with the support of 40 percent of active voters indicates that anticommunism is practically on its last legs.

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This is a result that is clearly not commeasurate with the colossal efforts that were expended. Nevertheless, it was enough for Yeltsin to retain power.

In aggregate all this creates the impression that the results of the elections were the consequence not so much of conscious efforts by the contenders and their teams as of a kind of "social drift," and that, had there been no election campaign, the result would have been precisely the same. This impression must be verified by turning to analysis of the objective laws of elections as a particular social process.

The First Round

Effectively not one but three parallel elections took place 16 June. In sporting terminology, the contest took place in "knockout groups." Or, to be more accurate, they could be called **electoral fields.**

The first round confirmed yet again that today Russian society is very clearly subdivided into three main fields: the left-wing, "back to the soil" [pochvennicheskiy], and "Westernist' fields. Their evolution and size (as a percentage of the number of people who voted) are cited in the table: [in the following table column headings are as follows: A — 1991 Presidential Elections; B — 1993 Duma Elections; C — 1995 Duma Elections; D — 1996 Presidential Elections, First Round]

	A	B	C	D
Left-wingers	28.1	20.4	32.2	32.0
"Back to the soil"	7.8	22.9	19.8	20.8
"Westernist"	59.4	52.5	43.3	44.3

The left-wing electoral field. In the 1995 Duma elections this was the CPRF [Communist Party of the Russian Federation], the "Communists-Working Russia-For the Soviet Union" bloc, the APR [Agrarian Party of Russia], and the "Power to the People!" bloc. The basic values are collectivism, priority for social ownership, social justice, unity of patriotism and internationalism, and a high assessment of the state's role. It was represented in the presidential elections by just one (united) candidate — Zyuganov.

The "back to the soil" electoral field. In the 1995 Duma elections this was the LDPR [Liberal Democratic Party of Russia], KRO [Congress of Russian Communities], "Derzhava," and other smaller patriotic and nationalist organizations. The basic values are: a Russia with its own identity and without overseas inventions, namely capitalists and Communists. Social harmony on the basis of priority for all-national cultural, moral, and religious values. In politics there is a clear attraction toward the ideal of a "strong hand." Four figures are now operating in the **"back to the soil" field**: Zhirinovskiy, Lebed, Bryntsalov, and Vlasov.

The "Westernist" electoral field. In the 1995 Duma elections this was made up of the great multitude of "other" parties and blocs ranging from Rybkin and Lakhova, via Chernomyrdin and Yavlinskiy, to Gaydar and Khakamada. The basic values are: a "return to world civilization" and the Western path of development as the high road for all mankind. Economic liberalism and social individualism based on private ownership are the supreme, ultimate forms of human communal life. It includes a wide range of views — from "wild capitalism" according to Gaydar and Chubays, to social democratic "people's capitalism." "Players" in the **"Westernist"** field were Yeltsin, Yavlinskiy, Fedorov, Gorbachev, and Shakkum.

Two different processes subject to different laws and prompted by different factors should be distinguished in social dynamics:

On the one hand, the change in sympathies **inside** an electoral field. This may be extremely rapid and depends to a great extent on the campaign and in general social techniques that are employed.

On the other hand, the change in the correlation and boundaries **between** electoral fields. This is a more objective process dependent not so much on propaganda efforts and politicians' behavior as on general socioeconomic and sociopsychological conditions and the nature and intensity of social contradictions. Particular individuals cross the boundary in both directions quite often and in considerable numbers, but the overall proportions remain.

The blatant errors made by the overwhelming majority of sociological services in forecasting election results in the last two and a half years are attributable precisely to the fact that it is virtually impossible to pick up such macrosocial shifts as the shifting boundaries between electoral fields by means of sample-based polls. This requires either analysis of the entire area, in other words, the holding of a general election, or the application of very different analytical methods and the use of other data.

When it comes to processes taking place inside a single field, public opinion polls are quite an effective instrument. In the United States, for instance, where there is essentially a single field founded on a basic value (the "American dream," so to speak), the Gallup

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Institute and similar institutions provide highly accurate forecasts. The use of Gallup methods in our country, where the boundaries between fields are constantly shifting regardless of the will of individuals and parties, leads to errors.

There are quite weighty grounds for believing that all the three main electoral fields in Russian society took shape back in Khrushchev and Brezhnev times, in other words, before the start of perestroyka. It is time to abandon talk of the total stupefaction of the people and the foisting of Westernist sympathies on them in the course of a couple of years solely by means of the mass media. No mass media would have achieved anything if fertile ground for their destructive activity had not already been prepared. But that is a topic for another time.

Tactics

Regardless of how candidates subjectively presented and planned the strategy and tactics of their election campaign, objective logic required that they resolve a dual task:

First, win a dominant position in their own field. Steal support from their competitors and, ideally, completely squeeze them out and be left as the only "player." To this end they must identify themselves in the eyes of society with a specific trend, a specific electoral field. Hence the slogan adopted by practically all contenders: "We are choosing not an individual, but our fate, direction of progress, and social system." Anyone who was distracted from resolving this task and attempted to devise something else on top of it suffered appreciable losses.

It is easy to see that this task is diametrically opposed to the task of building the image of an all-national leader above the party fray. No one managed to play this role. At one time there was talk of Solzhenitsyn, and Zorkin too could aspire to it. But neither of them pulled it off, and this is not down to subjective shortcomings. The possibility of the emergence of such a figure was ruled out by the **objective logic** of the election process.

This logic also dictated the **second** part of the dual task: extending as much as possible the boundaries of your own electoral field.

We can now sum up how the candidates fulfilled this task.

Left-wingers. Zyuganov's 100-percent result in his own field was achieved even before the voting. And — a particularly important point — it was achieved not by elbowing competitors aside, but by putting together and coordinating allies' actions.

"Back to the soil." Lebed succeeded in suggesting to voters that he is "tougher" (the general's own term) than Zhirinovskiy. In fact, this is the secret of his success, which we will discuss in more detail a bit later.

"Westernists." Yeltsin managed to win over potential presidential contenders such as Chernomyrdin, Luzhkov, and Gaydar, and also a number of smaller "democratic" and "centrist" groupings. Yavlinskiy was the only holdout, but they literally "cut off his oxygen supply" and fought against him as almost a more harmful enemy than the Communists. Fedorov campaigned without particular enthusiasm or desire to achieve a decent result, as he himself admitted in an interview.

Yeltsin's team chose the tactic of fueling anticommunist hysteria. Yeltsin had just one chance of reappearing in the role of leader of the Westernists — scaring the man in the street to death and himself appearing in the role of sole savior from the "communist threat." This tactic required not the abatement of social confrontation but the buildup of it, the deepening of social splits, and the turning of one section of the population against the other. Reassuring arguments that Yeltsin is "the president of all Russians" were jettisoned and replaced by harsh confrontational rhetoric.

If you rank the candidates according to the results achieved in their own "subgroups," you get the following picture:

Zyuganov — 100 percent;
Yeltsin — 80 percent;
Lebed — 70 percent;
Zhirinovskiy — 28 percent;
Yavlinskiy — 17 percent.

The successes of the three favorites in resolving the second part of the task — extending their electoral field — should be assessed very differently. In fact, there were no successes. In the six months between the Duma and presidential elections there were no serious shifts in the boundaries between fields. This task was entirely left for the second round, but even then, as we shall see, it was not resolved.

The Second Round

Ahead of the second round it was quite obvious that Zyuganov was guaranteed support in his own field, while Yeltsin would inherit practically the whole Westernist electorate, with the possible exception of the voters of Gorbachev, Fedorov, and Shakkum (totaling 1.8 percent).

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The main intrigue centered on the question of how and on what basis the "back to the soil" field would divide up.

The factor of Lebed's incorporation in the presidential team was quite important, but I think the decisive role was played by an important but as yet insufficiently widely realized detail. It transpires that the "back to the soil" field itself is heterogeneous and is subdivided into two groups: opposition and marginal groups.

This duality was first revealed in the 1995 Duma elections in the form of a paradox that many people found mysterious. At that time practically all observers were sure that the KRO, in the shape of General Lebed, would easily capture the lion's share of Zhirinovskiy's electorate. They based this expectation on the assumption that the figure of the gallant general looks much more convincing in the field of advocacy of a strong state and national patriotism. But nothing of the sort happened.

Clearly, the solution should be sought not in the claim that Zhirinovskiy worked more convincingly than Lebed, but in the fact that in reality they had not the same electorate but different ones. In 1993 many patriotically inclined voters were largely compelled to opt for the LDPR since its potential rivals were skillfully removed from the game. It was they who went to the KRO, "Derzhava," and so forth in 1995.

The remainder — those who have stubbornly voted for Zhirinovskiy several times running — are not so much nationalists, patriots, and advocates of a strong state as simply desperate, marginalized people who have lost any serious social reference points. They are attracted not so much by the specific content of his program as by the **pogrom** note it strikes. So far as they are concerned the important point about the idea of "imposing order" is not order per se (which, strictly speaking, a marginal certainly does not need) but the process of "imposing" it, the process of swift justice and reprisals against those whom they regard as offenders and whom they blame for all their misfortunes.

It is this sentiment that Zhirinovskiy exploited superbly. And so long as Lebed personified only "order" he had no particular success. But once he placed the emphasis on "justice and reprisals," he was able to overtake Zhirinovskiy by virtue of his greater "toughness" and novelty and to steal half of his "faithful" votes.

The marginal section of Lebed's electorate and in general of the "back to the soil" field as a whole should have gone to Yeltsin. This size of this section was revealed quite accurately in the Duma 1995 elections by the voting for Zhirinovskiy — 11.2 percent.

Yeltsin's final result (53.7 percent) proved equal to the result of the "Westernists" in the first round plus the result of the marginal section of the "back to the soil" field in the 1995 Duma elections minus the result of Gorbachev, Fedorov, and Shakkum in the first round (44.3 + 11.2 - 1.8 = 53.9).

Zyuganov's final result (40.6 percent) proved equal to the result of the left-wingers in the first round plus the result of the opposition section of the "back to the soil" field in the 1995 Duma elections (32.0 + 8.6 = 40.6).

Such a precise coincidence between both real results and their analytical prototypes is scarcely mere chance. It merely confirms that in both the first and second rounds there was movement of highly stable, to a considerable extent self-contained electoral groups without any violation of the overall proportions between them. Attempts to change these proportions were unsuccessful and, on the contrary, merely meant that these boundaries emerged even more harshly and the fields became even more compact. In terms of type the voting was closest to voting according to party lists.

In such conditions the most the "party of power" succeeded in doing was to freeze the situation at the level of December 1995 and temporarily paralyze the trend toward growth of the left-wing electoral field.

Admittedly, it is also possible to interpret events as showing that the opposition, despite the unequal conditions of struggle and the extremely fierce psychological pressure, succeeded in defending its positions. Positions have indeed been entirely retained, but unfortunately the above analysis forces the conclusion that this was not so much the result of the countermeasures that were taken as a manifestation of the immunity to anticommunism that a considerable proportion of the population now has.

In short, the result of the elections is the result of "social drift." Each contender won "his own" share and did not steal "other people's share" from his rivals.

Now let us return to the analogies with which we began. The situations are indeed very similar, except for a fundamental point. In the aforementioned examples the struggle, although very acute, was nevertheless conducted within **the same** electoral field and required the utilization of entirely traditional campaign technologies. Whereas in Russia there was a struggle **between** electoral fields and this required methods making it possible to shift the boundaries between them. Only this could have brought the opposition to power.

Thus the nature of the opposition's failure could be formulated as follows: Its conscious influence on the development of events and on changing the correlation

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of forces within society proved ineffective. Time was and is on our side, but we are making a poor job of being on time's side.

Could the "drift" have been prevented or, more accurately, **accelerated?** I am convinced that such an opportunity existed, but it was not taken. But I will discuss that in my next article.

Russia: Moscow Mayor Luzhkov Hails Yeltsin Victory

MM0907133396 Moscow IZVESTIYA in Russian 5 Jul 96 p 2

[Report by Melor Sturua: "Luzhkov and Three Yeltsins. IZVESTIYA Correspondent Melor Sturua Spent Election Day With the Capital's Mayor"]

[FBIS Translated Text] The first step is the hardest. Moscow's mayor is not terribly superstitious, but he regarded his team's morning victory as a good omen. Soccer strikers sent seven balls into the rival's goal. Three of them were down to Yuriy Luzhkov, while two other goals came with his assist. This was how the fateful day for Russia — 3 July — had begun for the mayor. [soccer allusion obscure]

The mayor left the stadium to vote at his polling place, making his contribution to the victory of Yeltsin's team. Then he went to the Russian Federation Ministry of Internal Affairs. The mayor and the minister spent almost two hours discussing problems connected with the struggle against crime in the Moscow region. Yuriy Luzhkov arrived at City Hall after 1300 hours and at once closeted himself with A. Kazakov, chairman of the State Committee for the Management of State Property and vice premier of Russia, for talks. The subject of their discussion was the need to strictly verify the obligations assumed by investors during the privatization of enterprises. The majority of investors fail to fulfill these obligations, the mayor said. This is one of the fundamental reasons for the economic failures of privatized enterprises. The Communists used to like to repeat that socialism means accounting. But genuine accounting means democracy. The mayor persistently insisted on the need for thorough stocktaking at privatized enterprises and insisted that illegally privatized projects must be returned to the state and then be reprivatized — strictly according to the law. The mayor offered the government the city's services in the matter of modernizing the Sheremetyevo-1, Sheremetyevo-2, and Vnukovo Airports. The mayor also pursued the idea of transferring the antimonopoly committee from the government's jurisdiction to the president's competence. The committee cannot be anyone's "tame organ," not even of the Cabinet of Ministers. Only then can it be really efficient.

The election invisibly dominates everything. Particularly as the telephones ring continuously. The battery of traditional ivory sets has been joined by mobile ones — black, resembling female quails [allusion unclear, possibly reference to sound made by these]. Moscow's prefects call to report on the election's progress in the capital city. People call from other Federation components — for example, Valeriy Kokov, one of the leaders of Kabardino-Balkaria. An exchange of opinions between the mayor and Viktor Ilyushin.

The artist Aleksandr Shilov calls. He has his own worries. What are they? I do not know. I hear only the mayor's replies.

"It is not in my nature to interfere in the artist's creative plans and schemes, to influence him, or even to make recommendations. You are free to make your own decision, but then, suddenly — let us get through the election!"

Ukrainian President Kuchma calls. The mayor sends his condolences on the tragedy in Dneprodzerzhinsk. A new call — about the mayor's upcoming visit to Ankara. Just after 1700 hours the mayor goes to check on how things are going on the construction site next to the Manege, and then to the hospital to visit his "vice" Shantsev, who is recovering from an attempt on his life.

Next the racecourse. It has its own problems. But the election horses are racing, and no one yet knows who will be the first to finish. The racecourse, like the stadium, is for relaxation.

"The atmosphere and the ambience of the stables help to create a biofield of tranquillity," the mayor says.

But there is, of course, no real biofield of tranquillity. Nor does it exist at the mayor's dacha, to where we drove late in the evening.

At midnight, when Boris Yeltsin's win had become a foregone conclusion, I asked the mayor for a formal interview.

"My first feeling is one of relief, even a certain desolation. The extreme tension not only of this long day but also of the few months before the election has subsided. This is what happens after sitting difficult exams. We have passed the examination in democracy. It seems to me that we have won the last decisive battle against communism. Of course, this does not mean that a conflict-free future awaits us. There will be fighting, there will be battles, but they will be qualitatively quite different from the way they are in civilized countries.

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Rivalry along the lines of 'who will outdo whom' will vanish into the past. It will be replaced by rivalry between the various segments of democratic structures. We can expect the social democratization, so to speak, of the left-wing movement and the flushing out of its extremist sting. On the other hand, however, until our society has become finally established as a democratic society, attempts by left-wingers to seize power by undemocratic means cannot be ruled out.

"It should not be thought that these will be intrigues and vengeance, so to speak, on the part of 'those Communists.' They have objective grounds — our social and political ills, which arouse people's just displeasure. I believe that it would be both unproductive and dangerous to treat these ills by surgical means. The election can be held in one day. It is impossible to implement radical socioeconomic transformations in a day, and on the human plane it would even be criminal. Therefore I am sickened by 'Pinochet's path' — the path of blood and terror. Russia does not need 'great upheavals' according to either Lenin or Pinochet. The authorities must learn to resolve the problems of Russia's development not through revolutions but by managing the trends that are taking shape in society.

"I predicted that Moscow would vote for Yeltsin in the ratio of four to one. My prediction more than came true. I am more than happy for my Muscovites, I am proud of them. The capital's firm say is of huge significance not only for Moscow but also for the whole of Russia. The country sees Moscow less and less as the center of an empire which robs it and parasitizes on it. Russia is increasingly being convinced that Moscow is its own flesh and blood and has the same joys, the same sadness, and the same problems. Russia is being convinced in practice that Moscow does not mean Chubays, scroungers, or the mafia — the criminal, bureaucratic, or elite mafia. The results of today's vote — or yesterday's, as it now is — in Moscow provide further eloquent testimony of this...."

[Sturua] What can you say about the winner?

[Luzhkov] I know three Yeltsins. The first Yeltsin is the Yeltsin of 1986-1991. The second Yeltsin is the Yeltsin of 1994. Finally, the third Yeltsin is the one of 1996. I was very worried on seeing the weakening of the potential of Yeltsin-2. One of the main causes of that weakening was the president's entourage, which isolated him from people and protected him from vigorous activity. The negative influence of that entourage also told at the initial stage of the present election campaign.

I hope that victory will make Yeltsin-3 still more effective. Having learned from his mistakes, he will appear before us still stronger and wiser. The artificial distance between him and the people will diminish and will be overcome. Then Yeltsin-3, standing at Russia's helm, will enjoy the respect and love that Yeltsin-1 enjoyed when he stood on the tank [reference to Yeltsin's heroic stance outside White House in August 1991].... [Luzhkov ends]

How would the Moscow winner congratulate the Russian winner?

"You cannot get through to the president on the telephone from this rural backwoods," Luzhkov joked, but then he added seriously: "Boris Nikolayevich and myself agreed in advance that we would exchange congratulations on the mutual victory only on the morning of 4 July."

"Only together, as on the publicity billboards?"

"Yes, only together. Both in congratulations and in business...."

Russia: Reasons for Poor Yeltsin Showing in Rural Areas Viewed

MM0907131596 Moscow SELSKAYA ZHIZN in Russian 9 Jul 96 p 1

[Article by political observer Aleksandr Bykovskiy under the "From Tuesday to Tuesday: View of Events" rubric: "Where Is Russia Heading?"]

[FBIS Translated Excerpt] As is already known, B. Yeltsin won the second round of the presidential elections. In the final analysis, their outcome was decided by the huge sums of money which flowed unchecked into B. Yeltsin's election coffers. This explains the pro-Yeltsin activity of the television, radio, and press. And even when activists from B. Yeltsin's staff were arrested while removing from Government House a huge sum of money without any accompanying documents, the Kremlin's response was a menacing outcry which interrupted the tentative efforts of the law enforcement agencies to control, at least to some extent, the flow of money from power structures.

B. Yeltsin was also very skillful in using the advantages afforded him by his office. It would probably be difficult to name any area of society which was not affected by a presidential edict. Edicts and all sorts of privileges showered down before the elections, as if from a horn of plenty. The president also benefited greatly from his alliance with A. Lebed, which caused a certain amount of disarray in the ranks of the opposition, who were, in my opinion, unprepared for such a dizzying political volte-face, executed by the retired general immediately after the first round of voting. [passage omitted]

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G. Zyuganov may have had a real chance of winning the elections if it had not been for the political squabble about ministerial portfolios which flared up so unexpectedly in the left-wing bloc on the eve of the second round. The squabble was started by forces on the extreme left, which at one time were the first to raise the banner for the struggle against present injustices. But, to their own cost, these forces see the way out of the present crisis in a return to the past, although life itself forces us to look only forwards in the search for happiness for ourselves and the Fatherland. [passage omitted]

The left-wing movement remains a mass political force in Russian society. And nobody can ignore the will of millions, who do not accept reforms which bring wealth to the minority and ruin to the overwhelming majority. Sooner or later there will be an end to such reforms in Russia. And the results of the presidential elections are a clear confirmation of that.

In particular, the results of voting in the Russian countryside. They again proved extremely distressing for the current president. And this is not because the peasant is, as it were, destined from birth to be a conservative. The peasant, like all sensible Russians, has already been waiting a long time for the authorities to take reasonable, skillful measures to reform the extremely neglected socioeconomic relations in the countryside. Reforms that are genuine, not illusory.

So it is certainly not in peasant psychology that today's victors should seek the reason for their unpopularity in the countryside. For information: In the period between the first and second rounds, B. Yeltsin's electoral staff sent out into rural areas more than 16,000 electioneering teams, numbering 106,000 people. But even if there had been two or three times as many, this would hardly have brought success to the president. The peasant judges politicians by their concrete actions, not their election posters. And he will only open his heart to the politician who is able to convince him in a practical way that the government's chosen course meets the real needs of the countryside, the cities, and the whole of our long-suffering Fatherland.

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CIS: ITAR-TASS Carries Press Review for 10 Jul

LD1007081296 Moscow ITAR-TASS in English 0458 GMT 10 Jul 96

["Press Review" — ITAR-TASS headline]

[FBIS Transcribed Text] MOSCOW, July 7 (ITAR-TASS) — Russian newspapers publish "A decision by the Central Election Commission on the results of presidential elections in the Russian Federation." The Rossiyskiye Vesti newspaper splashed on its front page the following heading: "Boris Yeltsin carries presidential elections with an edge of over 10 million votes."

Lyubov Tsukanova writes in the daily that "our people showed for the umpteenth time high political responsibility. Precisely this quality should be evidently accentuated, because not only Yeltsin's sincere supporters came to vote for the president but also people who understood the seriousness of the alternative: either Yeltsin and a possibility for the further development of democracy, or Zyuganov and inevitable relapses of communist single-mindedness."

In the opinion of Nuzgar Betaneli, director of the Institute of Parliamentarism Sociology who gave an interview to the Argumenty i Fakty weekly, "one of the reasons for Boris Yeltsin's victory at the elections should be looked for in the depths of public psychology.

"In the second round, people faced the choice: 'either or'. If we take into account that between 52 and 65 per cent of Russians always favoured a cautious evolutionary way in the past few years and were against changes to be reached at a price of political confrontation and upheavals, it was not difficult to predict their choice."

However, the politologist claimed, "a series of extremely lucky moves by the president to create the pre-election coalition with Aleksandr Lebed and other political leaders (recent competitors in the race) also played a decisive role."

The Pravda newspaper prints an article by prominent politologist and scholar Aleksandr Zinovyev who sums up the results of presidential elections in Russia in an interview with the newspaper's Paris correspondent Vladimir Bolshakov.

Zinovyev believes that "under the obtaining situation and with the available possibilities of opposition forces, their behaviour was not the worst but the best of all possible. The results of the voting can be regarded as success of opposition forces from a certain point of view."

Newspapers write with concern about the aggravation of the situation in Chechnya after General Vyacheslav Tikhomirov issued an ultimatum to separatists. The Izvestiya newspaper calls this "a factual resumption of war."

The army newspaper Krasnaya Zvezda emphasises that "the time of the ultimatum issued by General Vyacheslav Tikhomirov, commander of federal forces in Chechnya, to separatists has expired, but their leader Yandarbiyev, despite Tikhomirov's demand, did not offer explanations by this time for violations of peaceful understandings committed by Chechen separatists.

"Tikhomirov imposed a curfew on Groznyy, starting from today," Krasnaya Zvezda notes. "It is easy to see," Pravda writes in this connection, "what prompted Russian authorities to take these resolute actions. The presidential elections are over, and there is no need to pretend that peace and benevolence reign in Chechnya.

"Besides, Chechen separatists, using another respite presented by the Russian president to them, more or less recuperated after military setbacks and, returning to areas captured by federal troops from them, reinforced their ranks and replenished ammunition."

The Komsomolskaya Pravda front-pages particulars of a scandal connected with president of the National Sport Fund Boris Fedorov. Miraculously surviving an assassination attempt, he and his wife Olga give particulars of the scandal which flared up among the Russian president's close aides.

The newspaper managed to find Fedorov at a clinic in a West European country, where he is recuperating under an assumed name. The newspaper carries an interview with Fedorov's wife and a brief conversation with him which was transmitted from abroad with difficulty.

"The picture develops dreadful indeed," Komsomolskaya Pravda notes. "The Mafia is next to us: in shoulder-straps, with portfolios and bank accounts. It has a free access to the Kremlin and speaks with the president."

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Russia: Itinerary: Karasin on Vice President Gore's Visit to Moscow

LD0907133696 Moscow ITAR-TASS in English 1254 GMT 9 Jul 96

[By Valeriy Agarkov]

[FBIS Transcribed Text] MOSCOW, July 9 (Itar-Tass) — U.S. Vice-President Al Gore will pay a working visit to Moscow on July 14-16 to attend a session of the Russian-American commission on economic and technological cooperation, Russian Foreign Ministry spokesman Grigoriy Karasin told a briefing on Tuesday.

Before the session scheduled for July 15, the working groups will discuss the agenda of the meeting.

The two sides are expected to sign some joint documents on the results of the session.

Upon completion of the session, Russian Prime Minister Viktor Chernomyrdin and Gore are due to meet Russian and U.S. businessmen.

Russia: Gore Itinerary Includes Document Signing With Chernomyrdin

LD0907140096 Moscow INTERFAX in English 1331 GMT 9 Jul 96

[FBIS Transcribed Text] MOSCOW, July 9 (Interfax) — Important documents will be signed upon the end of the seventh session of the Russian-U.S. commission for trade and economic cooperation in Moscow on July 15-16, Russian government sources told Interfax Tuesday.

Russian Prime Minister Viktor Chernomyrdin and U.S. Vice President Albert Gore co-chair the joint commission, commonly referred to in Russia as the Chernomyrdin-Gore Commission.

"These documents will give a green light to large-scale cooperation of Russian and U.S. business in the investment area," the Interfax sources said.

"The Americans lead among foreign investors in the Russian economy," they said. "According to various sources, total U.S. investments in Russia stand at $2 billion to $4 billion, the highest indicator in the rating of foreign investors in Russia."

The commission will meet in session on July 15, Russian Foreign Ministry spokesman Grigoriy Karasin told a briefing in Moscow Tuesday. According to information available, Gore is expected to arrive some time earlier to look into the problems discussed by special groups and committees which will begin to work on July 14.

"Many of the problems require personal participation of the two commission co-chairmen," Karasin underlined. The commission's key bodies are the committees for energy production and nuclear energy, outer space research, environmental protection, science and technology, military conversion, agricultural production, health care, and the subcommittees for oil and gas production.

Bilateral turnover in 1995 was double that of 1992, reaching $7 billion, the Russian Ministry of Foreign Economic Relations said.

Russia: Coverage of USAF Delegation's Visit

MM0907125896 Moscow KRASNAYA ZVEZDA in Russian 9 Jul 96 p 1

[Report by Ilshat Baychurin of the Strategic Missile Forces Press Center, and Aleksandr Dolinin: "Two Countries' Missilemen Agree To Collaborate"]

[FBIS Translated Text] This is the fourth year running that exchange visits by delegations of Russian Strategic Missile Forces and U.S. Air Force Strategic Nuclear Command have been organized under the Russian Federation Defense Ministry scheme. On this occasion the U.S. missilemen headed by Brigadier General Thomas Neary visited several missile divisions and the Kapustin Yar range; met with Army General Igor Sergeyev, commander in chief of Strategic Missile Forces; and gave a news conference for Russian mass media at the end of the visit.

The guests highly rated their colleagues' combat readiness, nuclear safety measures, and level of professionalism, and noted the healthy morale of personnel. Army Gen. Sergeyev expressed confidence that collaboration between the U.S. Air Force Strategic Nuclear Command and the Strategic Missile Forces would be expanded further, moving onto the plane of a range of practical measures.

Russia: Delegation Rejects OCSE Document; Objects to NATO Clause

LD0907185796 Moscow ITAR-TASS World Service in Russian 1418 GMT 9 Jul 96

[By ITAR-TASS correspondent Nikolay Vukolov]

[FBIS Translated Excerpt] Stockholm, 9 Jul — The delegation of Russian members of parliament voted today against adopting as a whole the Stockholm declaration — the final document of the 5th annual session of the Parliamentary Assembly of the Organization for Security and Cooperation in Europe [OSCE].

Explaining this stand, Ivan Rybkin, head of the Russian Federation State Duma delegation, said that when drawing up a comprehensive model of security for Europe in the 21st century, it was unrealistic to describe, as was

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done in Clause 26 of the document, the expansion of NATO as a component of a broad European security structure, since at present no one can foresee how the situation will develop in the next century. It is enough to confine oneself to a wording that speaks of expanding security organizations — a wording that would cover all the aspects.

In the clause-by-clause voting, however, most delegates supported the earlier wording, even though 31 delegates voted against it. "We support all the main provisions of this document," Ivan Rybkin said after the voting, "but the result of the voting only serves to underline the need to listen more carefully to each other, to prevent tautology from turning into a policy."

The document, which contains 101 clauses, was approved by the majority of those voting at the assembly's plenary session. [passage omitted]

Russia: Karasin Says Moscow Concerned With 'Karadzic Problem'

LD0907114696 Moscow INTERFAX in English 1128 GMT 9 Jul 96

[FBIS Transcribed Text] MOSCOW, July 9 (Interfax) — Russia is concerned with developments around the so-called Karadzic problem, spokesman for the Russian Foreign Ministry Grigoriy Karasin told a briefing in Moscow Tuesday.

Radovan Karadzic passed over his formal powers as Bosnian Serb leader to Bilana Plavsic and abstained from the presidential race in accordance with the Dayton agreements and resolutions of the Florence conference and the Lyon summit, he said.

Moscow thinks this move enables fulfillment of the Dayton agreements. "It is hardly efficient to produce additional demands only to Bosnian Serbs and condition the elections in Bosnia and Herzegovina, scheduled for September 14, on their fulfillment," noted Karasin.

"There are no political or legal grounds to deny registration to candidates of the Serbian Democratic Party of Bosnia and Herzegovina only because its president is Karadzic," he said.

Russia: Up to 900 Russian Peacekeepers in Bosnia To Be Replaced

LD1007101096 Moscow INTERFAX in English 1002 GMT 10 Jul 96

[FBIS Transcribed Text] MOSCOW, July 10 (Interfax) — The rotation of the Russian military contingent serving in Bosnia as part of the multinational forces on implementation of the Dayton agreements will be carried out in the period July 12-23, head of the press center of the Russian airborne troops Col. Igor Kashin told Interfax Wednesday.

As many as 900 out of 1,600 Russian paratroopers will be replaced, he said. Transport aviation aircraft are to make eight flights from Pskov and Ivanovo to transport the servicemen.

New commander of the Russian contingent Col. Sergey Generalov will fly aboard the first aircraft on July 12. Generalov commanded one of the airborne brigades in Russia.

All paratroopers who will be sent to former Yugoslavia have undergone a special three-month training on peacekeeping operations, Kashin said. All 900 servicemen are volunteers chosen from different units and formations of the Russian airborne forces. They were selected on a tender basis minding their professional skills and state of health.

Russia: Panov Sees Better Cooperation Prospects With Japan

LD1007083696 Moscow ITAR-TASS in English 0717 GMT 10 Jul 96

[By Andrey Varlamov and Andrey Kirillov]

[FBIS Transcribed Text] MOSCOW, July 10 (Itar-Tass) — "Following the presidential elections in Russia, Japan gained greater confidence in stability and consistency of the policy of reforms. This creates better prospects for stepping up bilateral business cooperation," Russian Deputy Foreign Minister Aleksandr Panov said in an interview with Itar-Tass here on Wednesday.

He stressed that he does not regard the state of the bilateral economic relations "as very deplorable."

Activities of the intergovernment commission (IGC) on trade, economic, scientific and technical cooperation between the Russian Federation and Japan are of great significance for expanding this sphere of relations between the two countries, the high-ranking diplomat continued.

"The agenda of our major contacts includes holding of the second IGC session (Eds: it is expected to be held in Tokyo next year). It should be prepared. As soon as the process of forming the government is over in Russia, we shall start preparations for the session."

Asked whether the resignation of the first vice-premier Oleg Soskovets who was chairman of the Russian part of the IGC will influence the operation of the commission, Panov said: "We do not think that everything depends on a single man. In actual fact, many specialists worked on implementing the idea of setting up the commission.

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"The fact that it started operations is a result of objective circumstances from the two sides." He also noted that since the composition of the Russian cabinet has not been yet determined, it is too early to speak about a candidacy of the next co-chairman of the intergovernment commission.

Russia: Moscow Planning To Cut Military Force on South Kurils

LD1007084196 Moscow ITAR-TASS in English 0745 GMT 10 Jul 96

[By Andrey Varlamov and Andrey Kirillov]

[FBIS Transcribed Text] MOSCOW July 10 (Itar-Tass) — Russia is planning to cut its military force on south Kuril islands and prepare grounds for joint economic activities with Japan on the disputed territory, according to Russian deputy Foreign minister Aleksandr Panov.

"In the framework of promoting trust between the two countries, the Russian side plans to make steps towards a further reduction of military presence" in the zone of the disputed islands, Panov told Tass on Wednesday.

He added, however, that "the military activitiy in the zone of south Kurils is, naturally, corresponding to the plans of our military construction".

"It is important to act in such a way so that a completely new situation emerges around the disputed islands in the south of the Kuril range. We want that region to become a region of trust, cooperation and we see that as a priority guideline of our work at present", Panov stressed.

"Now it is time for joint economic activities on south Kurils", the deputy minister said thus making clear that Russia continues implementing the so-called five-stage plan for the solution of the territorial dispute with Japan which was formulated by President Boris Yeltsin in January 1990.

The third stage of the plan envisages the demilitarisation of the disputed islands, while the fourth stage calls for joint economic activities there.

Russia: Estonia Discriminating Against Russians Despite Protests

MM0907124096 Moscow IZVESTIYA in Russian 9 Jul 96 p 3

[Article by Boris Vinogradov: "Russian Foreign Ministry Warns: Tallinn's Actions Will Not Go Unanswered"]

[FBIS Translated Text] Russian speakers in Estonia have already nicknamed next Friday, 12 July, "black Friday." It is the main topic of conversation for noncitizens and politicians alike, and it is constantly discussed at meetings between Russian and Estonian diplomats as virtually the main item on the agenda. Some people talk of discrimination and a violation of human rights, others about "normal procedure," about the need to control migration of the population and establish a computer data base on which every inhabitant would have his "own code"....

One week ago the Russian Foreign Ministry issued a major document entitled "Memorandum," which is about the position of the Russian-speaking population of Estonia. Russia draws the attention of Tallinn officials and partners in the OSCE [Organization for Security and Cooperation in Europe] and other international organizations to this topic, pointing out that the situation is getting worse. Tallinn's assurances about providing all noncitizens with passports by 12 July were no more than assurances.

So hundreds of thousands of permanent residents of Estonia will be in a legal vacuum as of Friday, deprived of many rights and freedoms. The plight of Russians living in the Narva-Ivangorod border region, who often work in Russia and will now no longer be able to travel back and forth, will be particularly serious. The vast majority of Russian war pensioners and members of their families are essentially left without papers.

The prevailing situation is the consequence of Tallinn's course of "building a monoethnic state" and pushing the non-Estonian part of the population out of the country, we were told in Smolenskaya Square. OSCE and UN recommendations on this issue have been ignored. In 1995 alone a number of laws were adopted on citizenship and language, demoting Russian-speaking inhabitants to the category of "undesirables." The passports issued to them by the Russian Embassy will be valid only when residence permits appear in them.

Our Foreign Ministry warned that Tallinn's unlawful and arbitrary behavior is bound to affect bilateral relations. The international community cannot remain silent either, when human rights are being flouted in Estonia, the memorandum stresses.

At the same time, it should be said that it is not our foreign policy department's first protest of this kind. Past demarches, as a rule, have failed to produce any noticeable reaction on Estonia's part. Talk of "retaliatory measures" in the form of sanctions against Estonia is, to all appearance, purely speculative. It is essentially only the Russian Foreign Ministry's rhetoric that remains tough, but words by themselves will not do anything to change the actual situation.

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It is not surprising, therefore, that Tallinn has been more preoccupied of late with the visit by Hillary Clinton, wife of the U.S. President. who expressed her support for the...democratic transformations in Estonia.

Russia: France's Total Licensed To Explore Oil Field in North

LD0907133496 Moscow INTERFAX in English 1235 GMT 9 Jul 96

[FBIS Transcribed Text] MOSCOW, July 9 (PIA-Interfax) — France's Total has been licensed to explore a part of the Kharyaginskoye oil and gas condensate field in Timano-Pechora province in northern Russia, Russian Minister of Fuel and Energy Yuriy Shafranik told a news conference at the Interfax main office in Moscow Tuesday.

This licensing launches one of Russia's first oil and gas projects on a production-sharing basis, Shafranik said.

In addition, this is the main exploration project in the Timano- Pechora province, he said. It will be launched as soon as the Russian State Duma approves a list of sites to be developed on a production-sharing basis, which will bring Russia $20 billion worth of investments, he said. Total plans to invest $1 billion in this particular project, he said.

Russia and Total signed an agreement to explore the Kharyaginskoye site on December 20, 1995. Under the agreement, Total will produce 34 million tonnes of oil within 33 years.

The profit oil which remains after the production costs are compensated for will be divide on a floating ratio, depending on the profitability of the project, Shafranik said. Russia will earn $2.5 billion on this project alone, he said.

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Political Issues

Russia: Yeltsin Thanks Nation for Support in Excerpt From Address

LD1007104596 Moscow Russian Television Network in Russian 1000 GMT 10 Jul 96

[From the "Vesti" newscast]

[FBIS Translated Text] Russian President Boris Yeltsin will make a TV address to the people of Russia this afternoon. The address was recorded in the Kremlin less than an hour ago. We can now show you an excerpt from the address. Yeltsin thanked everyone who had supported him, and said:

[Begin Yeltsin recording] [video shows Yeltsin sitting at a desk flanked by a Russian national flag and a banner with Russian and Moscow emblems] ...were able to raise above their doubts and troubles, and made a really historic choice. For me, this is great trust shown by a great nation. I fully realize what huge responsibility has been placed upon me. I will do everything I can to vindicate your trust, dear compatriots. [end recording]

Russia: Yeltsin, Chernomyrdin Discuss Formation of New Government

LD0907165196 Moscow INTERFAX in English 1541 GMT 9 Jul 96

[From the "Presidential Bulletin" feature]

[FBIS Transcribed Text] [no dateline as received] President Boris Yeltsin held a weekly meeting with Prime Minister Viktor Chernomyrdin in the Kremlin Tuesday [9 July].

An official in the presidential press service told Interfax that the two men discussed the early results of the presidential elections and the socioeconomic situation in the country.

The formation of a new government was also on the agenda.

Aleksandr Livshits, presidential economy adviser, told a news conference in Moscow Tuesday that the structure of a new Russian government has been agreed on. The new government will be formed following the second inauguration of Yeltsin, scheduled for August 9. The structure of the new cabinet will be different from that of the existing one, he said.

Livshits did not rule out the possibility that a new government structure will be made public in July.

Chernomyrdin will make a statement on a new economic course to be pursued by the Russian government, he said, which will incorporate parts of the electoral platforms of numerous presidential candidates.

A presidential decree has been drafted under which steps will be taken to improve the collection of taxes so as to increase the budget revenue by nearly 30 trillion rubles before the end of the year, Livshits said. All tax exemptions will be revoked, he said. The factories notorious for tax evasions will be dealt with severely, Livshits promised, while taxes may be experimentally reduced for the factories which pay taxes regularly.

The president and government are now considering proposals on introduction of tough measures in retaliation to the discrimination of Russian commodities in foreign markets and these steps will be introduced soon, he said.

A banking crisis is out of the question in Russia, Livshits believes. "We think that the Bank of Russia is following the situation closely and will take preventive steps," he said.

The Tveruniversalbank which has discontinued active transactions and the service of individuals because it is reportedly insolvent is a one-off and "nothing has happened in the economy which could lead to an explosion in the banking sphere," Livshits feels.

On the other hand, he did not rule out the possibility of a financial crisis in Russia next fall. "We have this possibility in mind," he said. The state securities market is now very sensitive and "responds to thoughts as well as actions and words," Livshits feels.

The profitability of state securities is being gradually reduced and other steps are being planned jointly by the Finance Ministry and the Bank of Russia, he said. Livshits believed that they must be sufficient to avoid financial upheavals.

The market situation is bound to deteriorate late in the summer or early in the fall, Mikhail Delyagin, an outstanding Russian economist, thinks. This deterioration will be aggravated by "the inflationary interests of the fuel-and-energy complex and the natural monopolies," he told Interfax.

As a result, the state will have to loosen somewhat the unduly tight financial policy which the Russian economy cannot stand, Delyagin said.

Attempts at continuing this policy at any price can only bleed the economy white and overstrain it and result in the financial sphere getting out of control and an inflationary disaster which would throw Russia five years back, he believes.

Delyagin compiled a report headlined Russia after the Elections: Basic Problems which says that a gradual liberalization of the financial policy, which must be cleared with the IMF, would help Russia to alleviate

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a systemic financial crisis and start a stable economic growth as early as in the year 2000.

Russia: Chernomyrdin, Yavlinskiy Discuss Russian Economy

LD0907163496 Moscow ITAR-TASS in English 1621 GMT 9 Jul 96

[By Gennadiy Yezhov]

[FBIS Transcribed Text] MOSCOW, July 9 (Itar-Tass) — Russian Prime Minister Viktor Chernomyrdin met liberal economist and ex-presidential candidate Grigoriy Yavlinskiy, leader of the Yabloko faction in the State Duma, on Tuesday.

During the three-hour conversation, the two politicians discussed problems of the Russian economy. Reshuffles are to be discussed during the next round of the consultations in weeks ahead, Yavlinskiy told Itar-Tass after the meeting.

"It is not surprising that we limited ourselves to discussing substantive economic problems today," Yavlinsky said. "The structure of the new cabinet depends on what roads for resolving problems of the Russian economy will be taken and defined as top priorities. It is only then that specific decisions on appointments can be made."

Noting that the consultations will be continued, Yavlinskiy refused to tell Itar-Tass whom he visualises as first deputy premier responsible for economic agencies. At the same time he did not rule out that the candidature of Mikhail Zadornov, one of the activists of Yabloko faction, chairman of the State Duma Budget Committee, can be considered as one of chiefs of economic agencies.

Yavlinskiy could not give the specific data for his next meeting with Chernomyrdin, yet he expressed the surety it will be held next week.

A source from among the prime minister's associates confirmed to Itar-Tass that only generalised economic problems were discusses during the meeting with Yavlinskiy today, but said that the sides "expressed the readiness to continue the consultations to discuss the structure and composition" of the future cabinet.

Asked by Itar-Tass whether Yavlinskiy may be included in the new cabinet, the source said Chernomyrdin is "cautious in his assessment of the possibility of such an appointment."

Russia: Yeltsin Signs Lebed's Edict on Fighting Crime in Moscow

LD1007101496 Moscow INTERFAX in English 1003 GMT 10 Jul 96

[FBIS Transcribed Text] MOSCOW, July 10 (Interfax) — Russian President Boris Yeltsin signed a decree Wednesday on fighting crime in Moscow and the Moscow region.

The decree was drafted by Security Council Secretary Aleksandr Lebed, Moscow Mayor Yuriy Luzhkov, Moscow region Governor Anatoliy Tyazhlov and law enforcement leaders.

Yeltsin also signed a decree on the Security Council to determine its functions and structure.

Lebed said the decrees provide a real opportunity for law enforcement agencies to step up their fight against crime in Moscow and the Moscow region.

Russia: Zyuganov's Bloc Discusses Election Results, Plans

MM0907151796 Moscow SOVETSKAYA ROSSIYA in Russian 9 Jul 96 pp 1, 4

[Report by Zhanna Kasyanenko on session of the Council of the Bloc of Russia's People's Patriotic Forces held in Moscow 6 July, under the general heading "Great Council of Patriots of Russia After 3 July Borodino": "From a Bloc of Voters to a Movement of Millions"]

[FBIS Translated Text] The election results will without doubt remain at the center of attention in all the country's political life for a long time to come and will be subjected to analysis from various viewpoints, and time will tell how far this choice was for Russia's good. Although, of course, it is not difficult to predict the results.

Today it can be said confidently that we have witnessed the rapid growth of a national leader, a growth that is unprecedentedly impressive by political standards. After announcing himself at the 1993 elections with 7 million votes, Zyuganov has since then revealed himself to be not only the person who built the Communist Party from scratch after its rout, but also a politician capable of rallying the nation. The task of the people's patriotic bloc is to learn lessons and analyze its work for the future from two standpoints: from the nationwide viewpoint, by defining methods of work in the cause of saving the general situation in the economy, national security, and other spheres associated with the people's self-preservation, and from the viewpoint of its own internal organization and development. Obviously

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these two problems are interconnected, and they were discussed at the Council of the Bloc of People's Patriotic Forces on Saturday. Naturally, it is not possible to define tactical tasks immediately, while the trail is still hot, so to speak, although all those who spoke at the session acknowledged that the right strategy was chosen and must be maintained in future.

Gennadiy Zyuganov, leader of the bloc, noted that despite the authorities' zealous attempts to split and humiliate the bloc and cause dissension in it, it withstood all these blows. He expressed gratitude to all the parties and movements belonging to the bloc, and also to Svetlana Goryacheva and Aman Tuleyev, who became the bloc's moral authorities. Gennadiy Andreyevich spoke about the tremendous contribution made to the bloc's formation by Ryzhkov and Lapshin, Starodubtsev, Baburin and Golovin, and other comrades. Representatives of the country's intelligentsia who supported the patriotic bloc with their art, with their artistic talents — the Russian Writers Union, artists, singers, and musicians — merit special gratitude.

Nonetheless the result obtained in the elections was not what was expected, although it would be wrong to consider it a defeat. Nobody could have imagined what a torrent of provocations, direct threats, and open lawbreaking would descend on the candidate from the peoples' patriotic forces in the course of the election campaign. As for the legal resolution of many of the problems that arose during the elections, that is not to be expected, given the total breakdown of the actual law enforcement system in the country. V.A. Kuptsov, leader of G.A. Zyuganov's campaign staff, addressing the council, spoke about numerous cases of violations of the Law on the Elections — from isolated cases that were resolved on a working basis, to those that eventually affected the voters. This refers first and foremost to the inequality of the candidates' opportunities and the inequality of their funding. Today it is still hard to judge to within a million how much was spent on Yeltsin's election campaign, but according to the experts' initial estimates it was at least 2.5 trillion rubles [R]. Zyuganov's staff, for its part, took just over R11 billion of the 14 billion stipulated under the law. Of this, 10 billion was spent entirely, and 1 billion stayed in ORT's accounts as a result of the fact that that company did not grant the bloc the paid air time.

Of course, a part was also played by the illegal use of their official positions by virtually the entire hierarchy of state employees, who abandoned all their normal duties for the period of the elections and turned into Yeltsin campaigners. And campaigning was conducted by all kinds of methods, including threats, intimidation, promises, etc.

Nor can it be considered right that there was a change in the conditions of voting between the first and second round, when the use of ballot boxes at railroad stations, voting on the basis of exemption coupons [showing a voter has been deleted from his local electoral register because he will be unable to vote at his home polling place] without registration of voters, and much else was permitted, creating the conditions for people to vote two or three times at different polling places.

V.I. Zorkaltsev, member of the election staff, spoke about the authorities' persistent attempts to fragment the bloc and cause dissension in the stance of its various representatives.

Against this background a formal defeat in terms of the number of votes cannot be regarded as an actual failure for the people' patriotic forces. First, because despite the clear superiority in the resources and potential of the party of power, the people's patriotic forces were supported by nearly 30 million voters. That is a significant section of society whose views the authorities must inevitably reckon with. Second, there is every reason to believe that 30 million votes is by no means all the citizens who share the stance of the people's patriotic forces. There are significantly more of them.

So why did their votes go to Yeltsin? Yelena Shuvalova, leader of the "Mothers for Social Justice" movement, expressed the view that at the moment the party of power is making better use of the mood that exists among the people. They have experience in manipulating that mood. Just as in 1991 they made very skillful use of the longing for democracy, this time they made use of the desire — which really does exist — for a firm hand which will put an end to the chaos that prevails in the country.

Shvets and Breskun, representatives of Russia's regions, analyzed a phenomenon that is at first glance incomprehensible: The south of the country, the middle belt, and the peasantry — who, despite the wage difficulties that are common to everyone, are still in a more stable material position than the industrial zones of the north, which are hard-hit by unemployment — nonetheless voted for Zyuganov, while the regions that are suffering a disastrous situation gave preference to the existing order of things. No doubt this phenomenon demands a comprehensive and prolonged analysis, but one had to agree with the assertion by many representatives of the bloc: People who are in despair, broken by difficulties, are suggestible, afraid of the future, and are therefore ready to keep everything the way it is, just as long as it does not get worse.

In this situation, Gennadiy Zyuganov, leader of the people's patriotic forces, noted, our behavior must be

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extremely responsible and organized. Any side that attempts to represent and exploit the results of the voting as a split in society, as confrontation, will be taking a grave sin on his shoulders. A line that is not in the interests of Russia or even in the interests of the Kremlin authorities is being pursued by the clan that has seized the mass media, and a real information war is being waged against their own people. The experience accumulated as a result of the formation of a unified bloc should suggest wise, well-considered solutions aimed exclusively at benefiting the country and people, Zyuganov said. It is impermissible now to engage in theoretical disputes, because the bloc can only be based on the principles of national consensus and peace, only Russia, Homeland, People.

This experience, all the participants in the council session noted, is one of the main achievements of the patriotic forces, an achievement born as a result of the elections. At the crucial, difficult moment, all the political ambitions, ideological disagreements, and theoretical postulates that had previously split the opposition and actually created its different so-called wings, were cast aside. Andrey Golovin, leader of the "People's Alliance" movement of young entrepreneurs, said that Zyuganov had succeeded in doing what no previous opposition leader had done — becoming a nationwide leader, bringing together the sympathies of people who were formerly divided into various opposition compartments, working out a single program and platform acceptable to all, and — despite numerous Kremlin provocations — remaining within the framework of an intelligent policy operating on consensus, not the division of society.

People with views on questions of the market and private ownership that had hitherto appeared the most incompatible agreed with that assertion — Tyulkin and Anpilov. Incidentally, Tyulkin, first secretary of the RCWP [Russian Communist Workers Party] Central Committee, was the one the authorities' underlings tried to use as a battering ram to split the bloc, as he said at the council session. He stated that there was never any such thing as an edition of the newspaper TRUDOVAYA ROSSIYA and a decision of the RCWP Central Committee bureau in which the party leadership declared a boycott of the bloc of people's patriotic forces. A judicial investigation of this matter will be launched.

Viktor Anpilov expressed gratitude to Gennadiy Zyuganov for being able to lead the bloc in unity through all the preelection clashes, and said that he, along with very many decent people, did not support him because he was eager to get a post of some kind — he is ready even to scrub floors for the sake of his people — but no way can he agree to cooperate with the existing authorities. "Maybe I am Sharikov [character from Bulgakov's story "Heart of a Dog"], as Kiselev called me," Viktor Ivanovich said. "I see nothing terrible about that. Sharikov is a normal Russian name, and, in a brilliant Russian writer's imagination, he traveled the path from dog to man and asked himself why he had come into this world. But Shvonder [Jewish character in same story] remains unchanged. That is our problem today. And the more I look at Kiselev the more he reminds me of Shvonder."

Critical comments were made at the council session on the bloc's work, and proposals were made on how to avoid mistakes at the upcoming elections in the regions. It was deemed necessary to strengthen the bloc's influence in both the political and the economic sphere of the country's life, to which end it is necessary not only to preserve the bloc, but to give this new formation legal, legislative form and create local organizations.

Gennadiy Zyuganov, agreeing with that concept, expressed the view that the bloc should be founded on national security, the preservation of traditional values, and the ideals of social justice, truth, and good. He noted that it is not possible to create a program that suits everyone, but the basic values can be — and already are — the foundation of unity. As one possibility, he proposed the title People's Patriotic Union of Russia. He also proposed that a shadow government be formed from among top professionals, which could oppose the existing government and draw up concrete solutions on key questions, backing them up with legislative acts. It is necessary also to resolve questions of information support.

A decision was adopted at the council session to hold the first organizational congress in the first 10 days of August, to adopt the basic program documents and rules enshrining the existence of the bloc of people's patriotic forces.

The Council of the Bloc of People's Patriotic Forces adopted a resolution on the questions discussed.

Russia: New Security Service Chief Kovalev Profiled

LD0907204996 Moscow NTV in Russian 1800 GMT 9 Jul 96

[From the "Segodnya" news program]

[FBIS Translated Text] By the president's edict, Nikolay Kovalev was today appointed the director of the Russian Federal Security Service [FSB]. Until now he has been in charge of economic counterintelligence. Arkadiy

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Mamontov gives more details about the man who has taken over from Mikhail Barsukov.

[Mamontov] Nikolay Kovalev, a 47-year-old colonel general, has become the seventh director of the FSB since 1991. He joined the KGB in 1974 as an ordinary operative. For two years he served in Afghanistan. After that he worked at the Moscow and Moscow Region Directorate of the Federal Counterintelligence Service. From 20 June this year he has been the acting director of the FSB.

On Lubyanka, he is described as a very cautious man. He always calculates the possible consequences of any decisions. People who know him say that at work he will not set the Thames on fire. Nevertheless, some major FSB operations in which Kovalev has been involved have been highly successful.

He was one of the people in charge of the investigation into a large-scale swindle involving a million counterfeit dollars which the Italian mafiosi were trying to smuggle into Russia. In 1994, he was placed in charge of the Moscow directorate.

Nikolay Kovalev does not like to be at the center of attention, and he treats the media with caution. Some of his colleagues at work describe him as a calm man, one of those who in any company immediately wins people over. He occupies a very tough stance toward crime.

It seems that the president's appointment of a new director of the FSB, someone who was previously in charge of economic counterintelligence, will to some degree change the priorities of this organization.

Russia: 'Urgent Action' Needed on Economic Problems

MM1007105796 Moscow ROSSIYSKIYE VESTI in Russian 10 Jul 96 p 1

[Article by State Duma Deputy Boris Fedorov: "How Long Can We Go on With Something That Is Neither Fish Nor Fowl? Chances Missed in 1991 Must Not Be Missed Again in 1996"]

[FBIS Translated Text] The election is behind us. But the most difficult period, in my opinion, lies ahead. I believe that many people know that Boris Yeltsin convincingly won the presidential election not because of, but to a large extent despite the executive authorities' economic and other policies in recent years. Had he not had amazing powers of persuasion we might be in a tragic situation today.

Indeed, the general direction of the economic reforms is certainly correct, but their practical implementation suffers, to put it mildly, from substantial shortcomings. There are problems with the team, with the grasp of the essential nature of the task, with the will to make decisions. If tens of millions of people are unhappy with their lot, the reforms are clearly not perfect.

It would be extremely unfortunate if, after all the superhuman efforts of recent months, everything were to remain the same. Six months or a year on we would be hearing about the struggle for the payment of pensions on time, the continuation of the struggle against high inflation, the reduction — with varying success — of the budget deficit, and pay that is too low and prices that are too high. We cannot have this.

There is a great deal of talk today about the future makeup of the government. About the need to have a team of real professionals. But it is clear that we have not had this over recent years and we do not have it at the moment. In some ministries and departments the "reforms" are directed by obvious antireformists, who can hardly be called professionals. How long can we go on with something that is neither fish nor fowl? It is time to move on.

There are many problems too with the substance of policy and reforms. For example, were the problems with the budget or with taxes not obvious to us all some years ago? But prompt decisions were not made and therefore we all lost at least two years.

The problem of corruption in our state machinery is not new. In fact the very organization of the state apparatus is massively flawed and needs a radical review. The current discussion in this sphere reminds me very much of the proposals I sent to the country's leadership in mid-1993, in other words three years ago. Heaven forbid that it should all remain at the level of a discussion now.

Unique prerequisites are now in place for a real sprint into the future:

— a definite popular mandate of confidence in the president;

— panic and despondency among the opponents of the reforms;

— a much better understanding of the way the market economy functions.

It would be absolutely intolerable if we were to miss this chance. Perhaps even tragic because President Boris Yeltsin will be working for a second term to make history, and it is on this that the people's future attitude toward him depends. Gorbachev, for example, slumped to almost zero popularity precisely because of his chronic inaction in the last two-three years of his rule.

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To a large extent we missed the post-August chance in 1991. We failed to exploit the referendum in April 1993. As for 1994, it was almost a total mess. This must not be repeated in 1996. We desperately need a clean break and movement forward.

There is a great deal of argument today over the word "coalition." You get the impression that no one understands its meaning. Naive suggestions about including Communists or Zhirinovskiyites in the government merely cause surprise or even anger.

Any member of the government must adhere to the common line, and I cannot imagine how you can have supporters and opponents of a market economy in the same government. Unless the aim is to put a final stop to the reforms. We have already had the example of Nazarchuk and some other coalition "reformers" who were found wanting.

Another aspect of the coalition question is confidence in the government. It is no secret that at the moment it lacks firm support in parliament, which is a drawback as far as successful movement forward is concerned. Therefore, the creation of a coalition government must mean the consolidation of all democratic and centrist forces in parliament. But attempts to create a progovernment parliamentary majority will rapidly fail unless there is a political coalition in the government.

Those who thought that a boom would start on the financial markets immediately after the election now know that they were mistaken. The rise in the rate of Russian shares took place mainly before the election, since professional traders had been banking on Boris Yeltsin since April.

To get major long-term investments we need to show serious intent as soon as possible regarding economic policy. This is what everyone is waiting for.

But our economic problems are much greater today than some officials tend to say they are. Tax collection and the disintegration of the budget have not been this bad since 1991-1992. Any delay in correcting the course could lead to a crisis which would make "black Tuesday" look like a mere bagatelle. Urgent action is needed!

Military Issues

Russia: Democratic Russia Against Rodionov as Defense Minister

LD0907133796 Moscow INTERFAX in English 1240 GMT 9 Jul 96

[FBIS Transcribed Text] MOSCOW, July 9 (Interfax) — The federal council of the Democratic Russia party hopes that Chief of the General Staff Academy Col. Gen. Igor Rodionov will not be appointed as Defense Minister, Lev Ponomarev, co-chairman of the party, told Interfax citing a party council statement adopted on July 8.

"General Rodionov compromised himself in April 1989 in Tbilisi, when the Soviet forces dispersed a meeting. Therefore, Rodionov's appointment to this high post may worsen relations between Russia and Georgia," Ponomarev said. Rodionov was commander of the Transcaucasian military district in April 1989.

Members of the party are concerned over a recent proposal by State Duma deputy Gen. Lev Rokhlin to create a new body in Russia's Security Council, Military Council or Defense Council, which would control all power structures, he said. "The constitution does not provide for the creation of such a body as it heightens the danger of a final loss of parliamentary and public control over the military," Ponomarev said.

Russia: Rokhlin Interviewed on Army Crime, Military Police Plan

MM0907200596 Moscow RABOCHAYA TRIBUNA in Russian 9 Jul 96 pp 1, 4

[Interview with Lieutenant General Lev Rokhlin, chairman of the State Duma Defense Committee, by Nikolay Sautin; place and date not given: "War Declared on Crime in Army. General Lev Rokhlin, Member of 'Russia Is Our Home' Faction in State Duma, Believes It Is Time To Create Military Police"]

[FBIS Translated Text] When the conversation turns to the Armed Forces we ordinary citizens are interested not only in combat readiness but also in how our sons are getting on in them. Big chiefs like to cheerfully give favorable reports. But on the other hand society is in turmoil over the talk of bullying. What is the real state of affairs?

We asked 49-year-old Lieutenant General Lev Rokhlin, a combat veteran who was previously commander of the 1st Guards Army Corps and who is now chairman of the State Duma Defense Committee, to answer this question.

[Rokhlin] Unfortunately over 28,300 crimes have been committed by troops since 1992. The number of serious crimes being 11,000. One in six is a group crime. The number of crimes committed under the influence of drugs has doubled.

MVD [Ministry of Internal Affairs] troops are the leaders here: A 120 percent increase in offenses has been noted. Next come Border Troops with a 61 percent increase and military construction units with an increase of almost 52 percent.

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A comparison of crime coefficients for the Armed Forces and the country as a whole is revealing. In 1994 1,776 crimes were committed for every 100,000 people in the country as a whole and 811 by troops. Last year these figures increased to 1,859 and 1,033 respectively. It turns out that the level of crime in the Army is approximately only half that for the country as a whole. And this is given the fact that to maintain discipline and law and order among troops there are commanders and chiefs, officers of education and other services, the military commandant's office....

There is also another unpleasant trend. In 1995 alone over 2,000 crimes were covered up in the forces.

Statistics on the number of soldiers, sailors, and officers killed or seriously injured in peacetime show that the modern Russian Armed Forces have turned into a kind of gigantic machine for the pointless killing and injuring of citizens which cannot be justified by any state interests. Since 1992 alone 5,313 people have died and 39,000 have been the victims of accidents and crimes in forces.

Bearing in mind that Russia has nuclear and other mass destruction weapons and considerable conventional weapons reserves, access to which is not barred to servicemen, the problem of crime in the Army is becoming particularly important.

[Sautin] One can only be horrified at the dramatic nature and acuteness of the situation concerning the protection of servicemen's rights and legal interests. What does the Duma think and, more importantly, what is it doing in this regard?

[Rokhlin] Our Defense Committee has prepared a draft Federal Law "On the Principles of the Activity of Law Enforcement Organs in the Armed Forces and Other Forces of the Russian Federation." For the first time this document, in order to avoid confusion over the functions of military and territorial prosecutor's offices, military investigation organs and the Military Police, and the police and FSB [Federal Security Service] organs operating in the forces, establishes principles governing collaboration and the demarcation of responsibility between them in work to prevent, detect, and investigate offenses.

For the first time the conditions ensuring that the law enforcement organs operating in the forces have real independence from the command are being legislatively enshrined. They include funding the said structures under separate state budget items and giving their leaders the right to confer military ranks on their subordinates and introduce special forms of service dress.

The FSB's powerful potential will be fully utilized in the forces. The new law obliges counterintelligence, by using its characteristic methods and resources, to help the military prosecutor's office and the Military Police to prevent and investigate crimes and violations of legality in the forces. Now ambiguities and misunderstandings will no longer arise between the FSB and other law enforcement organs.

In order to preclude a departmental or parochial approach a single territorial principle for the stationing, jurisdiction, and subordination of all military prosecutor's offices and Military Police organs is being introduced.

[Sautin] You have mentioned the Military Police several times. Can you talk about it in more detail?

[Rokhlin] The unprecedented scale of injury and death of officers and men in peacetime and the shortcomings in the organization of the protection of law and order in the troops have forced the State Duma Committee for Defense to prepare the draft law "On Military Police."

The Military Police has extensive duties. It is being entrusted with bringing to light, cracking down on, and averting violations of the law, and with searching for lost weapons. It will investigate criminal cases involving servicemen, as well as Armed Forces civilian personnel, if they commit crimes during work time or on the territory of military units. Duty patrol service in military installations, escorting people who have been arrested and are under investigation by military prosecutor's offices, escorting specially important military freight, and guarding military installations are also functions of the Military Police.

The draft law lays down the basic principle that the Military Police is independent of the military command and the federal structures of executive power — it is directly subordinate to the head of state. But at the same time, strict civilian oversight is envisaged. The police reports to the president and both chambers of the Federal Assembly, and interacts with State Duma representatives and the Russian Federation president's representatives for human rights.

The draft law stipulates that from now on, when an officer is appointed to the post of, say, commander of a regiment and above, the command should take into account the opinion of the relevant chief of the military police organ.

The police is endowed with another very important right — to enter military units and military installations unhindered at any time and without notifying the commanders in advance, in order to check the state of installations which present a heightened danger to the

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surroundings. This means airfields, ports, weapons and ammunition dumps, firing ranges, and military bases. If it detects any violations of current rules, the police can ban the use of any means of transportation in the troops, including combat and special means of transportation.

Military Police organs will be taken from the Armed Forces, developed on the basis of the single territorial principle, and financed from state budget expenditure items for the activity of the law enforcement organs. Initially, ordinary draftees will perform service alongside contract-based recruitment. The proposed numerical strength of staffers in the new structure is one policeman to every 100 servicemen.

Russia: Military Insurance Company Replies to Rokhlin Accusations

MM1007084796 Moscow KRASNAYA ZVEZDA in Russian 10 Jul 96 p 3

["Own Information" report: "Military Insurance Company Values its Reputation"]

[FBIS Translated Text] In connection with the speech by Lieutenant General Lev Rokhlin, chairman of the Duma Defense Committee, at the State Duma plenary session (5 July this year) — in particular, he said that Colonel General Kharchenko, a relative of Army General Pavel Grachev, had allegedly criminally converted $5 million into rubles and transferred the money to the Military Insurance Company, and that the money had still not been returned — an official statement has been received by the KRASNAYA ZVEZDA Editorial Office from the Military Insurance Company leadership.

It states that the Military Insurance Company had indeed received a foreign currency loan of $5 million at 7-percent interest payable in foreign currency from the Russian Federation Defense Ministry in September 1995. These funds were converted by the company at its own expense and used to ensure continuous insurance payments at a time of inadequate funding for the program of compulsory state personal insurance for servicemen. The repayment of the loan principal and interest was made in full in foreign currency in March 1996, as stipulated by an agreement. Documentary confirmation of this was provided in the course of an audit carried out last May by the Control and Auditing Administration, the Main Administration for the Federal Treasury, the Russian Finance Ministry Securities and Financial Market Department, and Russian Federal Service for Supervision of Insurance Operations specialists.

The Military Insurance Company has been reliably carrying out the instructions from the Russian Federation Government to ensure insurance protection for servicemen at a time of economic instability, as well as in "hot spots." During this period state insurance provision of more than 580 billion rubles was received by around 500,000 people. The business interests of many state enterprises, entrepreneurial structures, and Russian citizens in the sphere of voluntary insurance are also bound up with the Military Insurance Company.

The Military Insurance Company, needless to say, values its reputation in society. But hasty assessments of its activity or accusations leveled against it, company leaders believe, not only call into question the results of the collective's work but could have a negative impact on the fulfillment of such a highly important social task as the provision of insurance protection for servicemen.

Federal Assembly

Russia: Legislative, Regulatory Documents

96P50105A

[FBIS Report] The following is a listing of Russian legislation recently published in the press of the Russian Federation compiled by FBIS. Numbers within parens indicate approximate wordage. Entries followed by the notation "Text" have been translated into English and are available in FBIS publications.

SECTION I: ECONOMIC LEGISLATION (EXPORT-IMPORT, BANKING, PRIVATIZATION, AUCTIONS, REGIONAL DEVELOPMENT)

Yeltsin 16 December 1993 Edict No. 2146 Approving Statute On Recruitment, Employment Of Foreign Labor, Plus Text Of Statute, Plus 4 April 1994 Ministry Of Labor Explanation On Hiring, Firing Procedures. (Moscow ROSSIYSKAYA GAZETA in Russian 6 Jul 96 p 7) (600/1900/500)

Yeltsin 29 April 1994 Edict No. 847 On Additional Measures To Regulate Recruitment And Use Of Foreign Manpower In Russian Federation. (Moscow ROSSIYSKAYA GAZETA in Russian 6 Jul 96 p 8) (150) (Text)

RF Government 8 May Decree No. 570 Approving Federal Targeted Program For Promoting Employment Of RF Population In 1996-1997. (Moscow ROSSIYSKAYA GAZETA in Russian 1 Jul 96 p 4) (200) (Text)

Presidential 13 June Directive No. 1316 On Guidance To Defense Ministry Pending Compilation Of Full List Of Units In Army During Great Patriotic War For Purposes Of Pension Payments. (Moscow ROSSIYSKAYA GAZETA in Russian 1 Jul 96 p 3) (180)

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Yeltsin 13 June Edict No. 901 On Council For Affairs Of Disabled People Under Russian Federation President, Plus Statute On Council. (Moscow ROSSIYSKAYA GAZETA in Russian 2 Jul 96 p 4) (400/800)

Yeltsin-Signed 19 June Federal Law No. 78 'On Fundamentals Of State Regulation Of The Socioeconomic Development Of The Russian Federation's North.' (Moscow ROSSIYSKAYA GAZETA in Russian 2 Jul 96 p 3) (3400)

RF Government 24 June Decree No. 739 On Granting Social Services (Gratis And Paid) By State Social Service Organizations. (Moscow ROSSIYSKAYA GAZETA in Russian 1 Jul 96 p 1) (350) (Text)

Chernomyrdin 28 June Decree No. 762 Approving Federal Comprehensive Program For Development Of Small And Medium Cities In Russian Federation In Conditions Of Economic Reform, Plus Commentary By Government Staff Construction Department Head Radyuk. (Moscow ROSSIYSKAYA GAZETA in Russian 2 Jul 96 p 4) (300/600)

Yeltsin 30 June Edict No. 1005 On Enhancing The Role Of Women Within The System Of Federal Organs Of State Power And Organs Of State Power Of The Russian Federation Components. (Moscow ROSSIYSKAYA GAZETA in Russian (Moscow ROSSIYSKAYA GAZETA in Russian 5 Jul 96 p 6) (500) (Text)

Yeltsin 1 July Edict No. 1008 On Approving Blueprint For Development Of Securities Market In Russian Federation. (Moscow ROSSIYSKAYA GAZETA in Russian 5 Jul 96 p 6) (250) (Text)

Blueprint For The Development Of The Securities Market In Russia Approved By Yeltsin Edict No. 1008 of 1 July. (Moscow ROSSIYSKAYA GAZETA in Russian 6 Jul 96 pp 9-10) (11000)

Yeltsin 1 July Edict No. 1011 On Measures To Provide State Support For Disabled People.

(Moscow ROSSIYSKAYA GAZETA in Russian 5 Jul 96 p 6) (600)

Second And Final Part Of 'Federal Targeted Program For Promoting Employment Of Russian Federation Population In 1996-1997.' (Moscow ROSSIYSKAYA GAZETA in Russian 2 Jul 96 pp 5-6) (10000)

SECTION II: POLITICAL (INTERNATIONAL AND CIS AFFAIRS, ELECTIONS, CRIME, POLLUTION)

Presidential 7 June Edict No. 838 On Award Of Jubilee Medal Marking 300th Anniversary Of Russian Navy With Directive Approving Instructions (Not Published) On Procedure For Presentation Of Aforesaid Medal. (Moscow ROSSIYSKAYA GAZETA in Russian 1 Jul 96 p 3) (700/40)

Presidential 13 June Edict No. 882 Approving Model Contract For Performance Of State And Other Service By Members Of Cossack Societies. (Moscow ROSSIYSKAYA GAZETA in Russian 1 Jul 96 p 6) (250) (Text)

Chernomyrdin 19 June Decree No. 716 Approving And Submitting For Ratification Convention On Cooperation In Sphere Of Culture, Education, Science, And Information In Black Sea Region. (Moscow ROSSIYSKAYA GAZETA in Russian 6 Jul 96 p 8) (150)

Yeltsin 19 June Edict No. 943 'On Conducting An Experiment In The Nonmilitary Protection Of Certain Sectors Of The Russian Federation's State Border.'

(Moscow ROSSIYSKAYA GAZETA in Russian 2 Jul 96 p 3) (350) (Text)

Presidential 20 June Edict No. 954 On Additional Measures To Ensure Protection Of State Border. (Moscow ROSSIYSKAYA GAZETA in Russian 1 Jul 96 p 3) (180) (Text)

Agreement Between CIS Governments (Date Not Given) On Cooperation In Field Of Labor Migration And Social Protection Of Migrant Workers. (Moscow ROSSIYSKAYA GAZETA in Russian 6 Jul 96 p 7) (2400)

Agreement Between Russian Federation Government And SRV Government On Principles For Assigning And Hiring Vietnamese Citizens For Work At Enterprises, Associations, And Organizations In Russian Federation (Dated 29 Sep 92). (Moscow ROSSIYSKAYA GAZETA in Russian 6 Jul 96 p 8) (3200)

Agreement Between Russian Federation Government And Armenian Government On Labor Activity And Social Protection Of Russian Federation Citizens Working In Armenia And Armenian Citizens Working In Russian Federation (Dated 19 Jul 94). (Moscow ROSSIYSKAYA GAZETA in Russian 6 Jul 96 p 8) (1000)

SECTION III: SCIENCE AND TECHNOLOGY

RF Government 24 June Directive No. 982 Approving Russian Space Agency Proposal For Fakel Experimental Design Bureau To Cooperate With American And Other Western Companies In Sphere Of Development Of Ion-Plasma Jet Engines. (Moscow ROSSIYSKAYA GAZETA in Russian 1 Jul 96 p 6) (250) (Text)

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Russia: Duma Invites Chernomyrdin To Report on Chechen Developments

LD1007073696 Moscow INTERFAX in English 0728 GMT 10 Jul 96

[FBIS Transcribed Text] MOSCOW, July 10 (INTERFAX) — The Russian State Duma has invited Prime Minister Viktor Chernomyrdin to come to a Duma meeting at a convenient time and report on the resumption of combat operations in the Chechen Republic.

The proposal, made by member of the Duma Defense Committee Sergey Yushenkov from the Democratic Choice of Russia unregistered deputy group, was supported by 245 deputies, the quorum being 226. Twenty voted against and one abstained.

Yushenkov demanded explanations from the prime minister, who is also the head of the state commission for Chechen settlement. He wants the prime minister to say "when the authorities stop making improper use of the troops in the Chechen region."

A member of the same deputy group, Yuliy Rybakov, said federal troops commander in Chechnya Gen. Tikhomirov "has run out of control and resumed the war." He proposed a report from Russian Prosecutor General Yuriy Skuratov at the State Duma. This proposal was supported by 94 deputies, 69 voted against and six abstained.

Russia: Duma Rejects 'Anti-Presidential Statement'

LD1007083996 Moscow INTERFAX in English 0738 GMT 10 Jul 96

[FBIS Transcribed Text] MOSCOW, July 10 (INTERFAX) — The Russian State Duma refused to discuss a sharp anti-presidential statement proposed by Duma deputy Konstantin Borovoy due to the resumption of hostilities in Chechnya.

Borovoy reminded the lawmakers of the president's statement on termination of combat in Chechnya before the elections. He said peace talks were started "but broken off after the victory of Yeltsin in the presidential elections."

"If the combat in Chechnya is not stopped immediately, the talks not resumed, and generals who instigated the war not dismissed, the people of Russia will have the right to name Yeltsin 'a liar and a murderer' instead of a new president on the day of his inauguration," says the draft statement prepared by Borovoy.

Co-chairman of the Democratic Russia Party, Duma deputy Galina Starovoitova demanded that this statement not be discussed, because she thinks it will "only discredit the country in the eyes of the international public."

Some 189 deputies voted for discussion of the statement, while the quorum is 226.

Russia: Duma Requests Investigation of Article Accusing Officials

LD1007084896 Moscow INTERFAX in English 0804 GMT 10 Jul 96

[FBIS Transcribed Text] MOSCOW, July 10 (INTERFAX) — The Russian State Duma has decided to send an inquiry to Russian Prosecutor General Yuriy Skuratov at the proposal of deputy Svetlana Savitskaya, the Communist faction. The Prosecutor General is requested to investigate the article entitled "Favorites" by Aleksandr Minkin published by Novaya Gazeta newspaper on July 8.

The article accused Russian Minister of Sports and Tourism Shamil Tarpishchev, ex-head of the presidential security service Aleksandr Korzhakov and ex-director of the Federal Security Service Mikhail Barsukov of corruption and relations with the mafia.

Member of the Yabloko faction Sergey Ivanenko conveyed his faction's proposal to Boris Yeltsin requesting protection for Minkin. The proposal was not supported by the majority of deputies under the pretext the correspondent is not an official who by law can enjoy the state bodyguard service.

The Duma supported a proposal by Viktor Ilyukhin and Anatoliy Lukyanov, both from the Communist faction, to send a letter to Interior Minister Anatoliy Kulikov and request him to ensure the correspondent's safety.

Russia: Zhirinovskiy Faction Ties NATO to Latvian Abuse of Russians

LD0907121096 Moscow INTERFAX in English 1113 GMT 9 JUL 96

[FBIS Transcribed Text] MOSCOW, July 9 (INTERFAX) — The Liberal Democratic Party faction in Russia's State Duma believes that "the closure of Russian schools in Latvia and the preparation of many thousands of Russian people for unlawful deportation" are connected with rapprochement between the Baltic country and NATO.

The reason why "the Letts were emboldened and turned against the Russians who live in Latvia and are forsaken" is military exercises to be conducted outside Riga on July 10-18 in the framework of the NATO Partnership for Peace program, said the faction's press service in its statement released on Tuesday.

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The Baltic Challenge exercises to be held in the vicinity of Riga will involve 705 servicemen from the United States, Latvia, Lithuania and Estonia.

"The boot of the American soldier tramples on Russian soil for the first time since 1918," the statement says.

"So far only 705 men will be involved there (in the exercises). But this barrage unit is enough to encourage the Latvian government to launch an assault on Russians," the statement says.

The document warns that retaliatory measures are possible. "If the Russian authorities cease to supply oil products as a courtesy to voters, the entire Baltic region will be plunged into a severe crisis," the statement says.

Regional Affairs

Russia: 'Hasty' Report of Pulikovskiy Appointment Viewed

MM0907155796 Moscow IZVESTIYA in Russian 10 Jul 96 p 1

[Report by Viktor Litovkin: "President Elected. War In Chechnya Again"]

[FBIS Translated Text] Yesterday's muddle over the appointment and reappointment of the new-old commander of the temporary joint grouping of federal forces in Chechnya was easily explained by our colleagues in the news agency which originated the report that Lieutenant General Konstantin Pulikovskiy was taking over the post from Lieutenant General Vyacheslav Tikhomirov: Their correspondent in Groznyy had been accidentally "set up" by top officials in the North Caucasus [Military] District. They had been slightly hasty with the information on the presidential edict....

Grouping commander Lt. Gen. Tikhomirov himself, on returning form Moscow where he had spent five and one-half hours delivering a report on the state of affairs in the Chechen Republic at a Security Council session, said at a news conference in Khankala (a suburb of Groznyy): "Very possibly, in time, he (meaning Pulikovskiy) will become commander of the temporary joint grouping." According to Tikhomirov, for the time being Pulikovskiy will be acting first deputy commander of the federal forces, the post having been instituted for that specific purpose. The general explained that the new post had been established to "strengthen the group command," since in the current situation he will have to be dealing more with "military-political matters."

At the same time, many experts on the Chechnya issue drew attention to the extremely harsh tone of Gen. Tikhomirov's ultimatum to the Chechen separatists, which he also presented after returning from Moscow. The commander demanded that the Chechen side ("Mr. Bandit," according to Tikhomirov) immediately return all prisoners. "Unless representatives of Zelimkhan Yandarbiyev come to me with specific proposals before 1100 hours tomorrow (that is, 9 July)," the general said, "and all prisoners, including Lyudmila Radimushkina, chief of Leninskiy Rayon in Groznyy, are returned, I will take appropriate steps." What kind of specific measures, the general did not explain.

At the same time, in a telephone conversation with IZVESTIYA, Vyacheslav Mikhaylov, head of the Russian delegation at the talks with the separatists, said that "Tikhomirov repeated word for word Movladi Udugov's ultimatum about the immediate removal of fortified checkpoints" throughout Chechen territory before 7 July. The minister for nationalities told journalist Aleksandr Chuykov: "In this case Tikhomirov gave the proper reply to the ultimatum as the head of the working group at the talks and not as grouping commander."

The delegation's position, according to Mikhaylov, remains the same: "With or without the gunmen we will continue to establish peace in the republic." According to his information, if Yandarbiyev's supporters "do not accept our proposals," the next stage of the talks will be geared more to elders' councils and religious leaders in Chechnya.

According to the experts, the clumsy way in which a senior Kremlin representative in Chechnya is trying to play down and even dissociate himself from the tough approach of another, what is more, the commander of the federal forces, shows more and more that at the Security Council session (incidentally, there have been no details of this Security Council session) Gen. Tikhomirov was given a free hand to resolve the Chechen problem by force. The election, the peace talks associated with it, and the temporary respite are evidently over.

So it turned out.

On Tuesday 9 July wide-ranging hostilities resumed in the vicinity of the settlement of Gekhi in southwest Chechnya between federal forces and armed separatist formations.

"The bandit formations decided to preempt us and that was their response to our demands for an end to provocations," federal grouping commander Vyacheslav Tikhomirov said.

He announced that in the morning Chechen formations had carried out an attack on federal forces' positions near the population centers of Gekhi in Urus-Martanovskiy Rayon.

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A fierce battle had broken out and the Russian servicemen had already suffered losses.

According to him, the Chechen formations had "themselves violated the terms of the truce and are asking for tough retaliatory measures."

Gen. V. Tikhomirov stressed that the federal command intends to "combat armed bandits in the most resolute manner." "We have more than enough manpower and means to do this," he said.

Russia: Lebed, Zavgayev Discuss Situation in Chechnya

LD0907162196 Moscow ITAR-TASS in English 1617 GMT 9 Jul 96

[By Andrey Surzhanskiy]

[FBIS Transcribed Text] MOSCOW, July 9 (Itar-Tass) — Security Council Secretary Aleksandr Lebed and pro-Moscow Chechen leader Doku Zavgayev discussed the situation in Chechnya on Tuesday.

"Alexander Lebed is attentively following the developments of the situation in Chechnya. The situation is not simple, and one cannot draw conclusions concerning what is going on there, judging by what particular persons say," Zavgayev said.

That is why Lebed is analysing all the information available, he said.

Asked whether he shared Lebed's thought concerning finding a solution to the problem, he said "I did not ask Lebed today how he saw the settlement of the conflict. What is being made is only an analysis of information."

The military issues were not discussed during the meeting, he said. "We discussed only economic aspects related to the restoration of Chechnya," Zavgayev said.

The subject of corruption was not raised either, he said.

As for the latest developments and an ultimatum of Russian commander in Chechnya General Vyacheslav Tikhomirov in response to provocations by Chechen rebels, Zavgayev said he knows about it only what the media had reported.

Russia: Yandarbiyev Says Chechen Forces Observing Restraint

LD0907151596 Moscow INTERFAX in English 1457 GMT 9 Jul 96

[FBIS Transcribed Text] SOUTHERN CHECHNYA, July 9 (Interfax) — Chechen opposition leader Zelimkhan Yandarbiyev has said that formations of Chechen separatist fighters intend to refrain in the near future, as far as possible, from adequate measures in reponse "to provocations of the federal command."

"The Russian leadership should explain its position concerning the actual resumption of widescale hostilities in Chechnya," [sentence as received]

Yandarbiyev demanded in a statement circulated on Tuesday evening, an Interfax correspondent reports.

"If the Russian party continues a policy of provocations, blackmail and robbery, the Chechen party will be forced to respond with adequate measures by utilizing all available means and forces," he said.

The leadership of the so-called Republic of Ichkeria "is showing extreme restraint and exerting maximum efforts in order to keep its armed forces from an adequate response to Russian provocations," Yandarbiyev said.

Having accused the federal forces of failing to fulfill the agreements reached, Yandarbiyev said that only the opposition's adherence to the cease-fire and military agreements signed in Moscow on May 27 and Nazran on June 10 is preventing the armed formations from immediate adequate measures with respect to the federal detachments.

Russia: Chechen Capital Sealed Off by 1400 GMT 9 Jul

LD0907135796 Moscow INTERFAX in English 1334 GMT 9 Jul 96

[FBIS Transcribed Text] GROZNYY, July 9 (Interfax) — Vehicles will be prohibited from entering or leaving the Chechen capital of Groznyy at 6:00 p.m. [1400 GMT] Tuesday, the press service of the Russian government's office in Chechnya told Interfax Tuesday afternoon.

The Severniy Airport in Groznyy will be closed at the same hour, the press service said. All vehicle permits issued previously will be invalid as of Wednesday, it said.

"The Chechen police will be put on high alert at 6:00 p.m. Tuesday," the press service said. "All Chechen interior officers will be detailed to patrol the streets."

All shipments of petroleum products will be thoroughly checked, it said.

Russia: Fighting in Chechnya's Gekhi Continues

LD1007054896 Moscow ITAR-TASS in English 0542 GMT 10 Jul 96

[By Nikolay Zagnoiko]

[FBIS Transcribed Text] GROZNYY July 10 (Itar-Tass) — Fighting in the Chechen settlement of Gekhi

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continued on Wednesday, according to the press centre of the Russian command in the rebel republic.

"The operation to eliminate a group of militants, who were found during a passport regime check, continues in the settlement of Gekhi", a spokesman of the command told Tass.

No casualty figures were given. It is only known that one soldier was killed and three wounded when a "Ural" military truck hit a mine on its way to Gekhi.

The number of Chechen attacks on Russian positions has radically increased and totalled 40 times across the republic overnight. Official reports said Russian troops sustained no losses in the attacks.

The federal troops command continues to blame Chechen separatists for failure to meet its demands.

Exit and entry to Groznyy has been closed for all vehicles from 22:00 to 05:00 hours local time because of incessant terrorist acts against authorities.

Russia: Chechen Rebels Refusing To Heed Ultimatum, Accords

MM1007084296 Moscow KRASNAYA ZVEZDA in Russian 10 Jul 96 p 1

[Report by Petr Karapetyan: "Situation in Chechnya Deteriorating"]

[FBIS Translated Text] The ultimatum given to the separatists by General Vyacheslav Tikhomirov, commander of the joint grouping of federal forces in the Chechen Republic, expired yesterday at 0900 hours, but, contrary to Tikhomirov's demand, separatist leader Zelimkhan Yandarbiyev had not by that time provided any explanations about the instances of violations of the peace accords by the Dudayevites. KRASNAYA ZVEZDA was told by the Russian Defense Ministry Information Directorate that as of today Gen. Vyacheslav Tikhomirov has introduced a curfew in Groznyy. We would recall that by 1800 hours on 9 July Yandarbiyev was to have released all the servicemen and civilians held by the gunmen. By the time this newspaper was put to bed this demand too had not been carried out. The separatists have for the umpteenth time demonstrated their overt unwillingness to heed not only ultimatums but even previously reached peace agreements.

Moreover provocations — not least against representatives of the authorities — are continuing. Last Monday [8 July] Viktor Zaytsev, chief of the Chechen MVD [Ministry of Internal Affairs] Communications Department, was killed in Groznyy's Zavodskoy Rayon. His deputy was seriously injured. The driver and the car have disappeared. Measures are being taken to locate them. Shamil Burayev, head of the Achkhoy-Martanovskiy Rayon Administration, came under armed attack. His car was ambushed when he was returning from Groznyy late at night. Two of his bodyguards were seriously injured, two received slight wounds, Burayev was unhurt. We were told by the Defense Ministry Information Directorate that over the past 24 hours the gunmen had shelled the positions of federal troops in Chechnya 24 times, 12 times in Groznyy. There have been no losses among the servicemen.

According to information from the Russian Federation MVD Internal Troops Press Bureau, the gunmen are still mining roads and shelling Internal Troops units and subunits. An MVD officer and soldier were wounded in Groznyy's Oktyabrskiy Rayon Monday [8 July], a demolition charge was defused in the capital's Zavodskoy Rayon just 400 meters from a unit checkpoint, and another charge — a 152-mm shell equipped with an electronic detonator with a timing mechanism — was defused near the oil terminal. The reports in some of the mass media that Russian troops had shelled Chechen villages with heavy guns have not been confirmed either. The attacks of the gunmen were repulsed exclusively using alert-status weapons.

According to an ITAR-TASS report citing Kharon Amirkhanov, deputy chairman of the Chechen Government, fighting flared up between federal force subunits and separatists in the vicinity of Gekha Village in Urus-Martanovskiy Rayon 9 July. And it is now quite obvious that there has not been even the slightest indication of any fundamental change in the Dudayevites' tactics. It is equally obvious that the time has come to finally bid farewell to even the illusory hopes that these people had really had a rethink and intended to solve the problem exclusively within the framework of the peace accords. Judging by everything, they are sincerely convinced that fulfilling the peace accords is a one-way street that would be solely to Moscow's advantage. While reserving the right to freely interpret — and that is putting it mildly — certain points of the Nazran accords on the release of illegally captured people, the separatists are quick to become indignant in cases in which, to their mind, Moscow has allegedly been dragging its feet over carrying out its obligations. That was the case, for instance, with the removal of the federal forces' fortified posts. It is well known that we are removing the fortified posts, but, in a situation when the separatists are not even showing the slightest intention of responding, the fulfillment of the accords by the federal forces is more reminiscent of a concession or a show of good will. Understandably, this cannot go on for very long. If the gunmen have now become so impudent that they are taking hostages or simply bumping

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off disloyal representatives of the local authorities and their family members, we can imagine what might happen tomorrow if, say, Moscow were to continue carrying out its commitments without the amendments necessary in this specific situation. And if Gen. Tikhomirov's ultimatum (he is continuing to carry out the duties of commander of the grouping of federal forces in Chechnya. The press reports about the appointment of Lieutenant General Konstantin Pulikovskiy to this position are not accurate. We apologize to readers for the mistake carried in yesterday's KRASNAYA ZVEZDA as a result of technical reasons) has caused some confusion in the camp of the Dudayevites and their allies, it would be appropriate to recall that it was they who with a very misguided doggedness tried to demonstrate that the only language they understood was a combination of strong-arm methods and negotiating methods, and sometimes just strong-arm methods.

It is high time to realize that the Dudayevites' regular violations of the accords are not so much the courage of separatists stunned by their own effrontery as a clearly planned strategic line of relations with the federal center. And the federal authorities' reaction to such escapades must be appropriate.

Economic Issues

Russia: Yeltsin Signs Edict on Timely Payment of Pensions

LD1007065596 Moscow ITAR-TASS in English 0637 GMT 10 Jul 96

[FBIS Transcribed Text] MOSCOW, July 10 (ITAR-TASS) — President Boris Yeltsin signed a decree on urgent measures to ensure timely payment of pensions, the press service of the head of state reported on Tuesday.

The president found it expedient to beef up the Russian Pension Fund with 2,000 billion roubles from appropriations provided for in the 1996 federal budget for state investments over and above the sums approved by the 1996 federal budget for state pensions and allowances.

The Russian government should submit to the State Duma (Russian parliament lower house): federal bill on tariffs of insurance contributions to the Russian Pension Fund, the Russian Fund of Social Insurance, the Russian State Employment Fund and funds of mandatory medical insurance for the second half of 1996. This bill provides for an increase in a tariff of insurance contributions to the Russian Pension Fund from employers with simultaneous decrease in the tariff of insurance contributions to other state extra-budgetary funds and payment of insurance contributions by working citizens to the Russian Pension Fund, depending on the size of payments given to workers by employers; federal bills on making amendments to federal laws on the 1996 federal budget and the 1996 budget of the Russian Pension Fund, the document says.

Russia: Livshits 9 Jul Press Conference Remarks

MM1007105096 Moscow IZVESTIYA in Russian 10 Jul 96 p 1

[Report by Aleksandr Anichkin: "Aleksandr Livshits: All the Promises Will Be Kept"]

[FBIS Translated Text]

About Dislocated Arms

In order to set a dislocated arm, you need to pull it. But if you pull too hard, you may tear the arm off altogether — I am no advocate of that kind of approach toward the country's economy. I don't think a radically new course is needed. Politics is in debt to the economy, and now is the time to repay debts. We will set realistic tasks and establish a style of openness in the government's work. Two tasks will be the main ones: First, all election promises must be strictly kept, and, second, there will be an adjustment of the course of economic policy.

On Compensation for Investors

Payment of compensation to investors born in 1917-1921 will begin before the end of 1996.

On Municipal Reform

The reform of the system for payment of municipal services will take place, but the old woman who turns on the light so she can read TRUD and watches "Santa Barbara" on TV will no longer have to pay.

On Tax Breaks

The abolition of tax breaks will be total, just as was the case with customs breaks last year. Rates will be reduced for enterprises where there are no payment arrears. A decision on taxation of shuttle traders was prepared a few months ago, but the president returned it for additional work. The mechanism must be such as to increase the tax take without damaging imports.

(From his speech at his 9 July press conference.)

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Russia: Tveruniversalbank Collapse Impact Viewed

MM1007090196 Moscow IZVESTIYA in Russian 10 Jul 96 p 2

[Report by Irina Yasina and Yelena Sitnikova of the PRAYM agency: "'Ripples' from Collapse of Tveruniversalbank Could Cross Russian Borders"]

[FBIS Translated Text] The grave situation in which Tveruniversalbank has found itself will undoubtedly affect the state of the Russian commercial banks' system.

TUB [Tveruniversalbank] operated actively in all financial markets. It is one of the largest "clearing" banks with over 1,000 correspondent accounts, which enabled the banks to settle accounts between themselves using a TUB account as a middleman account.

So far the bank has been one of the leaders in the market of limited-convertibility currencies. For instance, a number of national banks of the CIS countries and the currency exchanges of Belarus and Kazakhstan hold accounts in it. Private deposits account for over 0.5 trillion rubles [R].

But the biggest problems will be for the holders of promissory notes issued by the bank since the Savings Bank has undertaken to resolve private depositors' problems. TUB's debt commitments on the Russian promissory note market are assessed at R800 billion. Promissory notes are used by enterprises to settle accounts with suppliers and consumers and are accepted as taxes for local budgets and promissory notes are often used to pay for municipal services. More simply, these papers are used actively as a means of payment in many economic deals.

It must be noted that the central financial authorities — the Central Bank and the Ministry of Finances — have treated promissory note programs with poorly disguised disapproval. Because of the large quantity of promissory notes from various sources there were as it were parallel currencies existing in the country. Sometimes having a positive effect on the solution of the nonpayments crisis, promissory notes have increasingly served as the main means of avoiding taxes. The federal authorities were also exercised over the impossibility of controlling the volumes of emission of quasi-money.

In turn the local authorities as a rule gave an enthusiastic welcome to promissory notes, especially the promissory notes of the Moscow banks. Indeed, initially this was not the case since the local authorities were being pressured by "their own" banks, rightly fearing competition from newcomers. But later, when the latter had begun actively to supply promissory note credits which were also interest-free (in particular TUB provided credits at "zero-rate interest") the local authorities softened. It must be said that in the first years of the frenzied development of promissory note circulation TUB was the leader in this market. It was the first to begin working with the local authorities. Its clients included Moscow, Kemerovo, Novosibirsk, and Perm Oblasts, Kabardino-Balkaria, and others. Actually, Voronezh Oblast, to which TUB made proposals for cooperation, declined its services.

It should be noted that some enterprise directors used promissory notes for their intended purpose — as a means of payment, using them as payment and passing them down the economic chains. But there were also those who regarded the promissory note as a reliable monetary investment and used it as a means of accumulation, simply keeping it in a safe. These are perhaps suffering more than the others. In accordance with the new Civil Code the holders of promissory notes in the event of the bank's bankruptcy become only fifth and last in line among the creditors and depositors. Those who passed promissory notes down the chain (providing so-called endorsement for the promissory note) bear joint and several liability with all previous holders of the notes.

The local authorities which accepted promissory notes as tax payments and payments into the pension fund are in a no less complex position. Their budgets are suddenly half-empty since the promissory notes are instantly becoming mere pieces of paper. The consequences are obvious.

Complexities could also arise for other commercial banks issuing their own bonds onto the market. Above all they risk coming up against the distrust of enterprises and local budgets. But most likely there will not be a complete seizure of promissory notes. The economy, thoroughly tormented by the tough credit and monetary policy, will be unable immediately to give up the drug which is what bank promissory notes essentially are. This money surrogate makes it possible for payments to be made by those who temporarily do not have "live" funds but who are entirely viable themselves.

Russia: Economic Aide Wants More Foreign Investment

LD0907134496 Moscow ITAR-TASS in English 1311 GMT 9 Jul 96

[By Artem Protasenko and Aleksandr Velichko]

[FBIS Transcribed Text] MOSCOW, July 9 (ITAR-TASS) - The Russian government's short-term goal is to create a favourable investment climate and increase domestic production, the President's economic aide Alexander Livshits told a press conference on Tuesday.

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Livshits said, however, that a significant increase in domestic investment should not be expected within the next six to 10 months. Moscow hopes to ensure up to 10 billion USD in foreign investments which will be channeled, in the first instance, into the securities market, according to Livshits.

The presidential aide expects the monthly inflation rate to decrease to 1.5-2 percent by December 1996. "In this case we will have something to show both to the country and the world," he stated.

He said a crisis on the financial market was unlikely this autumn and added that mass media fears about that were exaggerated.

"We have always taken this danger into consideration; the securities market is particularly sensitive and at present it reacts even to thoughts," Livshits noted.

Livshits said the measures taken by the government and the Central Bank of Russia — for example, the decision to gradually make state bonds less profitable — are sufficient to avert a financial crisis in the country.

A number of decrees related to the promises made by President Boris Yeltsin during his election campaign have already been drafted, according to Livshits.

One of them envisages a set of measures to boost tax collecting. According to Livshits, this decree stipulates "work with debtors and a total ban on tax incentives."

The implementation of this plan will replenish the budget with 30 trillion roubles, he hopes.

Another presidential decree aims at supporting pension funds, Livshits told reporters. It is planned to increase the pension tax on wages, in proportion to income, and redistribute funds between budgets at different levels.

In early July the Pension Fund made up a 7 trillion rouble deficit, Livshits said.

In the works is also a decree to compensate the savings of depositors of the Savings Bank for the age group born in 1917-1921. This work, to be carried out under the previous plan, can be completed by the end of this year.

Another draft decree envisages measures to support depositors of financial pyramids who had been tricked out of their money.

Russia: IMF No Longer Willing To Tolerate Agreement Violations

MK0907112296 Moscow SEGODNYA in Russian 9 Jul 96 p 2

[Report by Elmar Murtazayev: "The International Monetary Fund Insists on Stabilization of the Russian Budget. The Cabinet Is Trying To Defer Payment of Electoral Promises"]

[FBIS Translated Text] Thomas Wolf, head of the permanent IMF mission in Moscow, said in an interview with the Financial Information Agency [AFI] that the new Russian government that will be formed within the next few weeks needs to focus on measures that could help stabilize the budget situation. Having called the situation with Russian budget revenues "rather discouraging," Thomas Wolf urged the Kremlin, in order "to stabilize financial markets and to assure budget stability, to review some of its commitments so as to attain targets for expenditures and, therefore, to ensure fulfillment of the tasks set for the budget."

The statement of the IMF's representative indirectly signifies that the IMF is no longer willing to turn a blind eye to the fact that the Central Bank and the government are violating provisions of the agreement and expects that the Russian authorities will now strictly observe them. Five months of electoral heat — with their inevitable populism, which does not fit in with the monetary and structural policy coordinated with the IMF — are over and IMF experts will surely assume a much harsher stance with respect to any direct or indirect violations of the agreement. Judging by incoming information, experts are especially alarmed by the number of tax deferments and exemptions issued by the government in the past five months and their cost to the budget.

Meanwhile, it is completely obvious that fulfillment of the obligations made by the cabinet before the election will lead to a growth in the inflation rate. The government itself seems to realize the danger associated with the fulfillment of its electoral promises. It is expected that a special program will be adopted for this purpose, the essence of which will be to try to reduce the fulfillment of all promises to a minimum. It was partly for this purpose that a decision to suspend some tax deferments was made at the latest meeting on budget matters run by First Deputy Premier Vladimir Kadannikov.

Quite possibly, the opinions of IMF experts and of the government will also differ regarding execution of the expense part of the budget. Despite objective problems linked with the execution of budgetary expenditures (the treasury simply lacks the money to fund all the expenditures that were envisioned), it will be very difficult for the government, whose own future is very obscure, to assume a firm stance. It was not by accident that Mr. Wolf said that now, "when all worries linked with the presidential election are over, markets would like to learn about the composition of the government's economic team as soon as possible, so as to have an unequivocal idea about the direction of its future policy."

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International Affairs

Ukraine: Kuchma Stresses 'Significance of Visit' in Yeltsin Cable

AU0907113196 Kiev URYADOVYY KURYER in Ukrainian 6 Jul 96 p 1

[Report by the Ukrainian Presidential Press Service: "Greetings for Boris Yeltsin"]

[FBIS Translated Text] Leonid Kuchma, head of the Ukrainian state, sent a telegram to Russian Federation President Boris Yeltsin. It reads, in particular, as follows:

"It was with a feeling of profound satisfaction that I learned about your reelection to the post of president of the Russian Federation. On behalf of the entire Ukrainian nation and from myself personally, I cordially congratulate you on this well-deserved and convincing victory. The results of the elections have shown to the whole world the allegiance of the Russian people to democratic ideals and to the course of reforms and social stability that you are pursuing. Your success is a weighty contribution to the strengthening of international security during this in many respects crucial period of world history."

The Ukrainian president expressed confidence that it will be possible, by joint efforts, to overcome the still existing problems and ensure the fruitful development of relations of traditional friendship between our countries and nations on an equal and mutually advantageous basis. It is stressed that, from this point of view, the significance of a visit to Ukraine by Boris Yeltsin would be difficult to overestimate.

Leonid Kuchma wished the Russian president further success in his state activity and the Russian people — peace, happiness, and prosperity.

Ukraine: Commentary on Russian Elections

WS0907144096 Kiev VECHIRNIY KYYIV in Ukrainian 5 Jul 96 p 1

[Commentary by Hryhoriy Musiyenko: "Victors Are Impeccable — Boris Yeltsin Is Greeted"]

[FBIS Translated Text] The main event in Russia's political life, about which so much was said and written during an entire year, has become history. The second round of elections for the Russian Federation president, which was held on 3 July this year, ended with Boris Yeltsin's victory. Almost 54 percent of voters voted for him, while as little as 41 percent of the electorate cast their votes for Gennadiy Zyuganov, leader of the Communist Party of the Russian Federation. Approximately 67 percent of all voters participated in the elections. It is being asserted that the procedure of electing the president conforms to the norms of constitutional democracy and that Boris Yeltsin's victory became a "triumph of Russian democracy." This is exactly what U.S. President Bill Clinton said while greeting his Russian colleague. He never had doubts about his victory, and even was criticized by many in his country for publicly supporting Boris Yeltsin. It is quite possible that the Russian president will help the master of the White House reside there for another four years because "if you scratch my back, I'll scratch yours."

As for Zyuganov's defeat and statements about the devastating blow which the Russian communists suffered, one thing can be said: Such conclusions are somewhat exaggerated. After all, Zyuganov had an impressive advantage over his opponent in 33 out of 88 constituencies in Russia.

The Russian public and political parties are assessing the results and consequences of the elections quite reservedly, and even skeptically. There have been opinions that what happened in Russia on 3 July was not a victory of democracy and a defeat of communism, but another demonstration of the traditional political apathy of Russian citizens, as well as the aggressive conservatism in the Byzantine spirit which have dominated in the Russian empire since the Moscow Duchy — from the era of Andriy Bogolyubskiy to the era of Boris "Bogoobranskiy." Russia will soon have a corresponding government. Meanwhile, Zyuganov's Bolshevik-style armored train is standing on a "sidetrack," though it is still leading Russians to a forlorn corner.

It seems that the Russian people have no illusions about their situation after the elections. Undoubtedly, "landowners are fighting" on Russia's political Olympus, and as a result, "peasants are being beaten." Payments of wages are still being delayed, the war in Chechnya is continuing, and blood is being shed. And Russia's leaders — czars, emperors, general secretaries, and presidents — have always believed that Russia is the center of the universe, and Moscow — "the world's hope." Ukraine must not forget this, and must not believe in any fairy tales.

While greeting Boris Yeltsin, let us take care of our independence and Ukrainian statehood.

Ukraine: Kuchma, Indonesian Defense Minister Discuss Cooperation

LD0907192296 Kiev UNIAN in Ukrainian 1640 GMT 9 Jul 96

[FBIS Translated Text] Kiev — "Ukraine is interested in cooperating with Indonesia in all areas," Ukrainian

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President Leonid Kuchma noted during his meeting with Indonesia's Defense and Security Minister Edi Sudrajat.

According to a UNIAN correspondent, the president expressed the conviction that it would be expedient for Indonesia to use Ukrainian ports on the Black Sea. He stressed that access to Europe and the CIS for this Asia-Pacific country lay precisely through Ukraine.

The Indonesian minister said his country was studying in detail the issue of cooperation in space. During Leonid Kuchma's visit to Indonesia, the sides reached agreement on the possibility of Ukrainian rockets launching satellites from an Indonesian cosmodrome. Edi Sudrajat stressed that cooperation in the space industry should be profitable for both sides.

The Ukrainian president gave his Indonesian guest an invitation for the president of that country, Suharto, to visit Ukraine at a time convenient for him.

Leonid Kuchma also highly assessed the signing of a memorandum on 8 July on mutual understanding between the Ukrainian Defense Ministry and the Ministry of Defense and Security of Indonesia, noting that the document had laid "the basis for cooperation at the present time and for the future." "We need to access the Asia- Pacific market," he stressed.

A note from UNIAN: Under Indonesian law, the memorandum provides a legal basis for military and technical cooperation. Ukraine, in effect, gains access to the arms market of the Asia-Pacific region. The document envisages the purchase by Indonesia of Ukrainian-made weapons and spares, and the rendering of appropriate technical assistance.

Ukraine: Moroz Presents Stance on Security Issues to OSCE Assembly

WS1007085096 Kiev UKRINFORM in English 0629 GMT 10 Jul 96

[From the "Current Events" feature]

[FBIS Transcribed Text] As UKRINFORM's parliamentary affairs correspondent reported from Stockholm, Sweden, Ukrainian Verkhovna Rada [Supreme Council] Chairman Oleksandr Moroz has addressed a plenary session of the Organization for Security and Cooperation in Europe's [OSCE] Parliamentary Assembly. During his address on July 8, Mr. Moroz presented himself as the parliamentary leader of a nation that has just adopted a new democratic Constitution. He said that the future of Ukraine cannot be secure without "reliable peace and cooperation in Europe." Mr. Moroz, who led Ukraine's delegation to the Parliamentary Assembly's Fifth Session, stated Ukraine's principal vision of a new European security model. According to the Ukrainian parliamentary leader, such a model should be based on the establishment of a single European space, free of dividing lines and opposing blocs. He said that Ukraine supports the creation of a new "politically obliging" security platform and the drafting of a document that would include all the norms that have already been drafted and adopted within the framework of the OSCE and other international organizations. He added that such documents should be aimed at the future. The new European security model must be based on such basic principles as indivisibility of security and the need for close cooperation between nations and international organizations with the goal of guaranteeing security. Mr. Moroz told the parliamentary session that no nation should strengthen its own security at the expense of others. He also said that no nation, organization, or group should shoulder greater responsibility for security in the region occupied by OSCE member-nations or consider any part of this region as its zone of influence. He added that the new European security model cannot be created and cannot function without equal participation of all European nations as well as active participation of all European and trans-Atlantic organizations.

Mr. Moroz also emphasized the "exclusive need" for the OSCE's parliamentary Assembly to draft a document that will ensure full and comprehensive security for Europe in centuries to come. The European security concept stated by the Ukrainian parliamentary leader allots a special place for the creation of a nuclear-free region in Europe. He said that Ukraine has already begun the process by becoming the first nation in history to voluntarily relinquish its nuclear weapons. Mr. Moroz further said that Ukraine, which stands the risk of becoming a buffer zone in the event of an eastward expansion of NATO, proposes that the new European security model should stipulate provision of additional security guarantees to nations that require them. He said that such a guarantee can be provided in the form of agreements between leading European and trans-Atlantic organizations participating in the European security process, on one side, and the country in need of such guarantees, on the other. He added that such a move will enable the creation of a single security and stability zone in Europe and prevent the creation of new division lines. According to Mr. Moroz, such a policy requires coordinated and collective efforts from all European nations as well as active participation of international inter-parliamentary, intergovernmental, and public organizations.

He said that the Ukrainian delegation considers it necessary to hold a special inter-institutional conference on European security in order to facilitate better coordination of these efforts. It was proposed that the conference

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be held in Kiev, the Ukrainian capital. Mr. Moroz said that holding such an important forum in Kiev will draw the attention of OSCE member-nations to the participation of young Eastern and Central European democracies in the pan-European process. He added that it will also serve as recognition of Ukraine's immense contributions to efforts aimed at building a nuclear-free world.

Ukraine: Peaceful Aspects of Ties With Libya Underscored

AU0907132696 Kiev URYADOVYY KURYER in Ukrainian 6 Jul 96 p 7

[Report by Oleksandr Dubyna: "To Libya for Holidays"]

[FBIS Translated Text] After the U.S. paper the WASHINGTON TIMES published a series of reports regarding secret cooperation between Ukraine and Libya in the military sphere, some of the media leapt at the sensational news. The American paper did not quote any concrete proof of illegal deals, but accused Ukraine of violating UN resolutions on trade sanctions against Libya. The facts show, however, that the Libyan-Ukrainian cooperation, which is quite limited, does not in any way involve the list of goods whose export to Libya is banned.

The United States' closest NATO allies maintain trade relations with Libya: Italy, France, Spain, and Germany. Incidentally, the latter buys almost 30 percent of Libyan oil. Russia also has trade relations with Libya. Moreover, Russian legislators recently submitted to the Russian Federation Duma a bill aimed at canceling restrictions in trade and economic relations with that northern African country. At the same time, Libya is interested in developing mutually advantageous trade and economic relations with Ukraine, irrespective of ideological differences. The Libyan side is primarily interested in obtaining Ukrainian iron ore, which is essential for the work of Africa's largest metallurgical complex in the town of Misurati. Libya, in turn, might supply oil to us: It is not such a long distance — just across the Mediterranean and Black Seas.

Libya has already made a good-will gesture. A few days ago, at the invitation of its government, 90 Ukrainian children were airlifted for 40 days of recreation and medical treatment at a health resort on the Mediterranean shore not far from the Libyan capital of Tripoli. The Ukraine-Libya Friendship Association and the Ukrainian Youth Chernobyl Foundation took an active part in organizing this charity action.

Here is what Muftakh Alfituri, temporary charge d'affaires of the People's Bureau (embassy) of the Socialist People's Libyan Arab Jamahiriyah, said on this occasion:

"The Libyan Government invited 90 Ukrainian children for recreation free of charge, proceeding first and foremost from long-standing and traditionally good relations between our nations. The Chernobyl catastrophe caused much suffering to Ukraine, and Libya strives to help in the cause of overcoming the aftermath of the tragedy.

"I hope that everybody realizes that Ukrainian children are not secretly taking nuclear materials or technologies to Libya. They are envoys of peace, friendship, and cooperation, whose prospects we only see in peaceful spheres. We will continue to invite your children for recreation and medical treatment. They are the future of our good contacts, mutual understanding, and harmony between nations."

Ukraine: Kiev Ready for Food-for-Oil Deal With Iraq

LD0907165396 Moscow INTERFAX in English 1641 GMT 9 Jul 96

[FBIS Transcribed Text] KIEV, July 9 (Interfax-Ukraine) — Ukraine is prepared to supply food to Iraq in exchange for oil, Yuriy Povshedny, head of the Foreign Economic Relations Department of the State Committee for the Oil, Gas and Refining Industry, told a news conference in Kiev Tuesday.

He was a member of the committee's delegation which returned from Iraq Monday evening.

It is too early to speak of the amount of oil so long as there is an embargo on the import and export of Iraqi products, said Povshedny.

At the same time he said that the Iraqi oil, which is of a much better quality than Russia's, will also be cheaper. Ukraine pays $106 for one tonne of Russian oil. Povshedny did not rule out that commercial companies, in particular the Ukrzarubezhneftegaz oil and gas corporation, may participate in Iraqi oil supplies to Ukraine.

He said the Ukrainian delegation in Iraq had signed a protocol on the intention to cooperate in the oil and gas industry, in particular to develop oil fields in Iraq and prospect for new deposits.

Experts will continue working on all these issues, said Povshedny.

Ukraine: Almaty Invites Kiev To Join Four-State Customs Union

LD0907154596 Moscow INTERFAX in English 1451 GMT 9 Jul 96

[FBIS Transcribed Text] KIEV, July 9 (Interfax-Ukraine) — Kazakh First Deputy Prime Minister

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Nyghmetzhan Yesengharin proposed at a meeting with Ukrainian President Leonid Kuchma in Kiev on Tuesday that Ukraine sign a free trade agreement with the Customs Union of Russia, Kazakhstan, Belarus and Kyrgyzstan.

Kuchma has agreed on the need to start work on an appropriate agreement, presidential spokesman Dmitriy Markov told Interfax-Ukraine.

The Ukrainian leader said Kiev had struck free-trade agreements with the Baltic states and Russia and was preparing a similar deal with Poland.

But he also spoke of the need to account for the interests of all in signing such agreements.

"We agreed that Russia would strengthen its positions with respect to its neighbors after the presidential elections there," Kuchma said at a meeting with members of a parliamentary faction favoring a socially oriented market economy on Tuesday. And he added that "we thought as much before."

Kuchma said the volume of trade between Ukraine and Kazakhstan ran under $70 million in the five months to June compared with last year's $250 million.

He blamed the setback on Almaty's involvement in the Customs Union.

National Affairs

Ukraine: Kuchma Appeals for International Aid To Pay Miners' Wages

WS1007072496 Kiev INTELNEWS in English 0110 GMT 10 Jul 96

[FBIS Transcribed Text] Kiev, July 9 — President Kuchma announced Tuesday during a meeting with mayors of Donetsk oblast cities that he has appealed to international financial organizations to allocate credits for payment of wages to striking miners in the Donetsk region.

"Resolution of these problems by way of emission (money printing) is impossible," Kuchma said.

More than a quarter of all Ukrainian coal-extracting enterprises, 73 mines, took part in a walkout on Monday that involved a reported 9,000 mine workers. The 73 mines include 42 in Donetsk oblast, 25 in Lugansk oblast and six in Lvov oblast.

Donetsk is the city with the largest number of mines involved, 14. The most losses were sustained by the PivdennoDonbasska #1 mine: 385 workers did not appear at work, costing the mine 2900 tons of coal.

Normally, almost 12,000 miners do not come to work daily during the summer months, and the walkout raises this figure to 21,000.

In Donetsk Tuesday, miners blocked all exits out of the city, including the airport and railroad terminals. Only police, ambulance and food-delivering vehicles were being allowed to pass.

The government has moved to cut off the escalating crisis Tuesday by moving KBV1.6 trillion to the DonetskVuhillia coal association alone for wage payments. All in all, KBV3 trillion was transferred to the coal industry to pay off delayed wages — the main demand of the strikers.

Kuchma told acting Prime Minister Pavlo Lazarenko to go immediately to Donetsk to settle the situation with the strikes.

According to acting Vice Prime Minister Vasyl Durdynets, of KBV151 trillion stipulated in February by the Cabinet of Ministers for wages to miners, KBV46.4 has been already allocated for wage payoffs.

He said that since July 1, an additional KBV5 trillion has been allocated for wages payment, and that in the process of the 1996 budget correction, KBV30 trillion will be allocated for the development of the coal extraction branch.

"The government is performing its obligations and neither strikes nor threats will help us," Durdynets said.

Ukraine: Parliament Approves Lazarenko as Premier

LD1007093496 Moscow INTERFAX in English 0923 GMT 10 Jul 96

[FBIS Transcribed Text] KIEV, July 10 (Interfax-Ukraine) — The Ukrainian parliament has approved Pavel Lazarenko as the new prime minister of Ukraine.

Some 344 deputies voted for, 22 voted against, nine abstained, and 17 did not participate in the voting.

Ukraine: New Premier Views 'Key Tasks' To Overcome Economic Crisis

LD1007094996 Moscow INTERFAX in English 0934 GMT 10 Jul 96

[FBIS Transcribed Text] KIEV, July 10 (Interfax-Ukraine) — The Ukrainian parliament has approved Pavel Lazarenko as the new prime minister of Ukraine.

Some 344 deputies voted for, 22 voted against, nine abstained, and 17 did not participate in the voting.

The nomination was made by President Leonid Kuchma.

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"It is no longer possible and even dangerous to postpone nomination of the prime minister because the Ukrainian economic situation is critical," Kuchma said.

"The parliament shall instruct the prime minister to submit his plan in September... Delays in the government work may have even more dire consequences," said Kuchma.

The new constitution increases the role and responsibility of the government, and this will require mobilization of the prime minister's strength, said the president. The new prime minister "should have a thorough knowledge of economy, be experienced in administration and be able to make unusual moves," noted Kuchma.

Candidate for prime minister, acting Cabinet head Pavel Lazarenko told the parliament about the readiness of the new cabinet "to immediately start a daily routine." He said negative processes are dominating the Ukrainian economy and the living standards of the majority of Ukrainian residents are on decline.

"We did slow down inflation, but failed to achieve production growth," he said.

The non-payment crisis and "chronic violations of budget discipline" are a real disaster, noted Lazarenko. The overall salary debt reached 260 trillion karbovantsy by the second half of this year. "There is no bigger problem for the government than to pay the debt to the population," he said.

Key tasks of the Ukrainian government also include "energy saving measures, encouragement of investments, provision of budget revenues, stabilization in the agro-industrial complex and social security," said Lazarenko. The government has prepared a draft resolution on structural reorganization of the mining industry.

The government will be able to fulfill this program "in constructive cooperation with the parliament," he said. Lazarenko reminded law makers they still have to consider 194 government bills, including 35 of top priority.

When forming the government "we will aim to reflect the interests of various political forces and various regions of Ukraine," said Lazarenko. But the key criterion will be professional skills.

Under the new constitution, the prime minister shall be nominated by the president with consent from a majority of parliament's 422 deputies.

Ukraine: Kuchma To Seek Earliest Action Plan From New Prime Minister

LD0907121596 Moscow INTERFAX in English 1106 GMT 9 Jul 96

[FBIS Transcribed Text] KIEV, July 9 (Interfax-Ukraine) — The new Prime Minister should offer a "specific plan for actions" as early as in September, believes Ukrainian President Leonid Kuchma.

Addressing the socialist faction at Verkhovna Rada on Tuesday the President noted that "this might be something like a program for an emergency situation in the economy".

The Cabinet formation should not be protracted, Leonid Kuchma underscored.

The President also confirmed his intention to propose for Verkhovna Rada endorsement on Wednesday the nomination of P. Lazarenko for the office of Prime Minister. "As it is now, the President cannot offer the nomination other than Lazarenko," he said, and added that "P. Lazarenko, like others, is far from being blameless, yet his positive characteristics substantially outnumber all the other ones," the President said.

According to President Kuchma, the new Cabinet should work in frequent contacts with "Verkhovna Rada committees and take compromised decisions."

The previous Government passed several decisions in disregard of current economic needs, which has touched off, in particular, the non-payment crisis and backlog of wages, Kuchma observed.

Ukraine: New Defense Minister To Be Appointed From Military

LD0907140196 Moscow INTERFAX in English 1210 GMT 9 Jul 96

[FBIS Transcribed Text] KIEV, July 9 (Interfax-Ukraine) — Ukrainian President Leonid Kuchma will decree to appoint an acting defense minister within the next few days, the chairman of the Parliamentary Defense Commission, Vladimir Mukhin, told Interfax-Ukraine Tuesday.

A military man will be appointed to the post, Mukhin said with reference to Kuchma's speech at his meeting with the Socialist faction earlier Tuesday afternoon.

Kuchma explained the resignation of the former defense minister, Valery Shmarov, as being due to "the results of an inspection of the state of affairs in the Ukrainian navy."

"The inspection showed that the former defense minister did not pay attention to many issues which required it,"

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Mukhin quoted Kuchma as saying. The president was also unhappy that Shmarov chiefly tackled commercial rather than political problems.

Ukraine: Security Council Secretary on Reasons for Shmarov Dismissal

LD0907165796 Moscow INTERFAX in English 1601 GMT 9 Jul 96

[FBIS Transcribed Text] KIEV, July 9 (Interfax-Ukraine) — Secretary of the Ukrainian presidential National Security Council (NSC) Vladimir Gorbulin said that one of the main reasons for the dismissal of Ukrainian Defense Minister Valeriy Shmarov was drawbacks in the activities of the ex-minister in reforming Ukraine's Armed Forces.

"Shmarov failed to divide functions between the General Staff and the Defense Ministry, and as a result, army reform was advancing with difficulties," Gorbulin said.

He also noted "delays" in the fulfillment of several resolutions of the National Security Council by the Defense Ministry.

At the same time, the replacement of the defense minister "will not change Ukraine's policy in the military sphere," he said. He explained that he was primarily speaking about the negotiations on the Black Sea Fleet with Russia, relations with the United States and the issue of NATO.

Gorbulin recognized that Ukraine's former defense minister had established "very good contacts" with his American and Russian colleagues.

The issue of the leadership of the Ukrainian Navy will be solved after the conclusions of the commission verifying its activity are examined, Gorbulin told Interfax-Ukraine. Gorbulin said the commission had found "several drawbacks."

The territorial structure of the Armed Forces will be transformed in line with the developments introduced by the former defense minister and confirmed by the NSC.

Currently an experiment is under way in the northern group of forces. A decision on the need for changes in the territorial structure will be made based on the results of this experiment, Gorbulin said.

Earlier the Defense Ministry board worked out a document approved by Ukraine's NSC which provides for the enlargement of military districts and the creation of groups of forces on the basis of military districts.

Ukraine: Kuchma Criticizes Military Over Abuse of Office, Thefts

LD0907213096 Kiev UNIAN in Ukrainian 1230 GMT 9 Jul 96

[FBIS Translated Text] Kiev — "The president cannot but be concerned by officials who are abusing their official posts, and by the theft of military hardware, particularly weapons," Ukrainian President Leonid Kuchma noted in his speech at today's expanded meeting of the collegium of Ukraine's Prosecutor General's Office. He stressed that, at a time when the Defense Ministry is "begging" in order to pay servicemen their wages, military weapons are being sold for a pittance.

The head of state said that "virtually all lease agreements signed between the Defense Ministry and airlines" do not conform with current legislation, in particular, the law on leasing state property. He said that one result of the illegal actions is a lease agreement between the Ukrainian naval command and one of Russia's airlines, which St. Petersburgs' Court of Arbitration has declared invalid. As a result of this agreement, five Il-76 military aircraft have not been returned to Ukraine. The president said that the "military prosecutor should make fundamental conclusions, particularly with regard to violations in the sphere of conversion."

At the same time, Leonid Kuchma said that the Defense Ministry, together with the Economy Ministry, the Ministry of Finances, and the Ministry of Justice, has not fulfilled the Government's resolutions on confirming a resolution on business activities, and therefore from a legal viewpoint, it "cannot engage in this type of activity."

Economic Issues

Ukraine: Lazarenko Discusses Economic Problems in Parliament Speech

LD1007112996 Kiev UNIAN in Ukrainian 0900 GMT 10 Jul 96

[FBIS Translated Text] Kiev [no date as received] — Pavlo Lazarenko, candidate for the post of Ukraine's prime minister, made a speech in parliament on 10 July, in which he described illegal economic activities, connected with the imperfection of the legal system of ownership relations, as the main problem facing the Ukrainian economy. He said that at least 50 percent of the national income was therefore formed outside the official economy thus "paralyzing the investment activities" and affecting the social situation in the state. Lazarenko said negative processes in the Ukrainian economy were continuing: A reduction in the volume

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of industrial and agricultural production and a decline in the living standards of the population.

Lazarenko said the payments crisis was "a true calamity." He said that as of 1 June, the debit indebtedness amounted to 3.4 quadrillion karbovantsi, the credit indebtedness to 4.8 quadrillion karbovantsi and the outstanding debt to 1.7 quadrillion karbovantsi. Lazarenko said the total sum of arrears in the first six months of the year [1996] exceeded 1.2 trillion karbovantsi and the Pension Fund had a shortfall of 1.16 trillion karbovantsi. He said the state budget of Ukraine had "a hidden deficit" of 8 trillion karbovantsi. Lazarenko explained this by the fact that the payment arrears for last year [1995] had not been taken into account and the realistic sources of paying compensation to the population for housing and utilities had not been determined. The overall wage debt now exceeds 2.6 trillion karbovantsi, including 7.4 trillion karbovantsi owed to the employees of the budget-funded sector. Lazarenko said the settling of the debt "is and will be a matter of the government's primary concern."

Lazarenko said if he was approved in the post of Ukraine's prime minister, he would set the Ukrainian Government six most urgent tasks: To support domestic production; to take extraordinary measures to save energy; to create a favorable investment climate and intensify foreign economic activities; to stabilize and increase agricultural production; to meet the budget revenue target while easing pressure on the state budget; and to provide for the social protection of the population.

Lazarenko said the government "should get down to daily, routine work on implementing the new Ukrainian Constitution in concrete terms."

At the time this news bulletin has been released, the parliament session is continuing to discuss the Ukrainian prime minister's candidature.

Ukraine: Presidential Aide Urges Economic Reforms

WS0907121596 Kiev KIYEVSKIYE VEDOMOSTI in Russian 20 Jun 96 p 6

[Article by Volodymyr Ryzhov, Ukrainian president's aide for industry, "specially for KIYEVSKIYE VEDOMOSTI": "A Responsible Owner Should Replace the Irresponsible Bureaucrat in the Implementation of Economic Reforms"]

[FBIS Translated Text] Unquestionably, laws adopted by the Supreme Council and resolutions passed by the government do not remain unnoticed in other countries. Let us imagine, however, that there are two isles with the same natural resources and approximately the same level of development of the population; in short, the same in almost everything. One island accepts foreigners, the other does not. Which island's inhabitants will remain savages longer? Is it not clear that mixing with one another enriches everybody, whereas self-isolation makes beggars of those isolating themselves? As for us, we ensure our self-isolation with laws in which capitalist logic is stuffed with socialist postulates, while communist routine makes cooperation impossible in practice.

I do not want to theorize further (this has taken place on many occasions), but I will try to present, in a strict and maybe even offending manner, the logic of urgent measures.

Since the administrative way of managing the economy proved its inviability even during the omnipotence of the Communist Party, now it would simply look tragicomical. The difficulty, however, is in the fact that our laws put more obstacles than incentives on the path of our private undertakers. And the main thing — a law on protecting private property — does not exist! Let us return to the problem indicated in the beginning of the article — which foreigner will dare to invest even a single kopeck in the Ukrainian industry without any hope for protecting his capital?

An analogous situation is with Ukrainian capital abroad. It is impossible today to provide Ukrainian enterprises with something unavailable in Ukraine by obtaining a concession for mines or enterprises in other countries. It is even more true with regard to certain parts [of enterprises]. Why? A law on the import-export of capital is simply knocking at our door. But we have locked ourselves from the inside! What for?

With obstinacy worthy of a better application, we have clamped down on inflation and, apparently, we will suppress it. The inflation tax has been consuming, and will continue to consume, the assets of commodity producers. As for other taxes and levies, do they promote commodity producers in any way? For example, does a 12 percent deduction from the wages of all residents to the Chernobyl Fund not humiliate the nation? And what is the current profit tax if this profit is derived from production costs? This is a vampire tax, particularly since it is deducted not at the moment of obtaining profit by enterprises. This is a peculiar capitalist-communist budgetary hybrid. I do not even want to mention the value added tax — it is a tax imposed on labor on all the citizens, which is increasing at a geometrical progression rate. Nobody has ever invented such a tax. Our value added tax has nothing in common with the value added taxes introduced in other countries.

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One thing is unambiguous — there should be other taxes in 1997:

— a profit tax, where profit is calculated proceeding from gross costs of the taxpayer, with a change in the procedure of paying advances to the budget;
— a value added tax (but involving the true value added) or a tax on sales instead of the value added tax, with a change in the procedure of compensating this tax from the budget for exporters (with possible tax exemptions due to other stipulations);
— an income tax that should be paid not by enterprises, but by workers, to an income fund, as it is now being done with payments for apartments, electricity, and telephones. For this purpose, it is necessary to relieve all citizens and enterprises from contributions to the state budget to finance social insurance benefits. All of them! Personally, I do not even intend to pay for Chernobyl. Not only due to the fact that I did not blow it up, but also due to the following minimal calculation: Let a worker earn $30-35 monthly on average. This makes approximately $400 annually. Twelve percent of this sum paid for the liquidation of the aftermath of the Chernobyl accident is equal to $48. Let these deductions be paid by only 10 million people. This makes $480 million annually in cash. Over the period of four years, this sum should amount to approximately $4 billion! Where is this money? If a citizen has no motor vehicle, he should not pay a motorway levy, either. The same can be said about all other levies;
— a land tax that would not suppress a producer only because in their time the party and the government jointly planned and constructed his plant in a particular manner and in a particular place. Why are we so cruel to ourselves? Or perhaps those plants are not ours? A plant, even a good one, cannot be razed to the ground by a bulldozer. [sentence as published] It will occupy land anyway. But it will not pay for this land. Therefore, I expect that the president will veto the law [not further specified] passed by the Supreme Council and that it will be reworked according to common sense.

This is all! No other levies are needed in our country. In total, the collection should not exceed 40 percent. These levies should be spent solely for state needs. Free education? It should exist at the expense of paid education. For example, what harm will it do if there will be 25-30 private schools in Kharkov or Lvov? Do you think that children will not enter them? They will. There will be a flood of applications. At the expense of private schools, free schools providing general education will be able to exist. In general, it is immoral to levy taxes for educating children of other people, which is what is taking place at present. Taxes for free education are being paid by everybody, but far from everybody is educated according to the full program. So, why must everybody pay for it? Therefore, it is necessary to introduce paid education gradually but systematically, and to promote it, not to hamper it. The same applies to paid medical services. What prevents the paid and social medical spheres from coexisting and being mutually complementary, particularly since paid medical spheres and "nobody's" medical sphere exist in reality. The latter exists only due to the fact that the paid medical sector has been driven into the shadows. Not pleasant news to hear? It is time to abandon hypocrisy. The paid medical sector has actually existed since USSR times. If we do not legalize these two sectors, we will kill them for good. This is not cruelty. This is pragmatism and a lack of hypocrisy.

A further hypocrisy is our banking legislation. Do we not see that our banks are not able to provide credits? Are our industrial enterprises able to repay credits? Who is happy with this deadlock? Even a foreign credit cannot be serviced by the majority of Ukrainian banks. Who will give an interbank foreign credit in the amount of several hundreds of millions of dollars to a bank with a charter fund barely equal to 10 million? [currency not specified] We do not allow foreign banks into Ukraine, and we do not have too much trust in our banks, either. According to current laws, our banks operate for the sake of poor people and enterprises facing bankruptcy. Therefore, our banks are also beggarly. However, just as an electric accumulator activates a car motor, so does an accumulator of money — that is, a bank — activate industry. From what source can our accumulator of money be recharged? Of course, from abroad. A lot needs to be done in terms of legislation for this purpose. Personally, I cannot stand sitting in an immobile and gradually cooling car any longer.

Along with tax and banking issues, there is also the question of nonpayments. It is a result of the two former problems.

How did it start? Inflation depreciated (in other words, devalued) the value of money for enterprises. Naturally, those possessing money placed it in bank deposits at interest rates exceeding the inflation rate. Whether you like it or not, banks need to earn money, too, and they issued credits at higher interests than those for accepted deposits. Industrial enterprises could not take credits with such high interests. A majority of enterprises, trying to outstrip inflation, took credits and bought as much as possible in advance — metals, bearings, electric engines. However, this was good at the initial stage, and only with the production of semifinished articles. However, when due to the low purchasing power of final consumers the sales

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of products became problematic, repaying credits and interests was suspended. (We have recently calculated with National Bank Chairman V.A. Yushchenko that every third karbovanets was not repaid). Any organism clings to life; thus industry, cutting off inflation, entered the path of barter deals in the production sphere — having dodged all credits and debts, and refused to deal with this lengthy and clumsily conducted procedure of suppressing inflation.

Naturally, the mass of money at enterprises sharply decreased. Wages have begun to be paid in sausages, tires, coffee grinders, and pants. Subsequently, a decree on operations using imported raw materials was passed. Following this, one could already forget about money circulation in the country. An enterprise is provided with gas, oil products, electricity, and even telephone services; in its turn, it provides products to enable settlements between gas exporters and Russia, oil exporters and oil extractors, energy power workers and coal miners, postal workers and sanitary engineers. For work performed, an enterprise is given part of its production, which it can exchange for water supplies, spare parts, and so on. Try to collect taxes from such an enterprise! The budget needs money, no H-shaped beams. But enterprises have no money. Plant directors have only one problem — to find money solely for wages and, at the same time, to avoid paying it to the budget as taxes. Any extra money is detrimental to enterprises.

Of course, when no one is able to pay taxes fully, the budget drafters give way to the desire to increase taxes. A counterreaction is to sink still deeper into barter deals.

In such a situation, banks will not give credits to enterprises. This means that development is out of the question. A bank could possibly give credits, for example, to finance an advantageous contract, but the bank knows that as soon as an enterprise obtains a credit, the money will immediately be taken away by the budget and, subsequently, by gas suppliers, communications workers, power engineering workers, and others. The bank will stand in a long line of those who will never receive any money from the enterprise, particularly since enterprises do not bear any property responsibility for money debts (only on paper and to an inconsiderable extent). Our law on pledges was created not to prevent borrowing, but to enable nonpayment after borrowing.

Let us make a calculation: Let us assume that the confirmed payable accounts amount to 1 quadrillion karbovantsi (in reality, they are twice as big). This, according to the Ukrainian National Bank exchange rate, is equal to approximately $5 billion. Let us subtract from it the sum of payable accounts, which in other countries is usually equal to 20 percent of the Gross National Product. This will give us approximately $3.5 billion. The credit resources of all our banks are less than $1 billion. Besides, these resources have already been distributed. Thus, where should one get money from? Without answering this question, it is only possible by mutually writing off debts to move one ruble from the left pocket to the right one, but this will produce no additional money. One may even lose something in the process. Thus, where should one get money from? Aside from the accumulator scenario, there is one more way to get money — to earn it. For this purpose, it is necessary to stop taking away all earned money — that is, to accept a significant decrease in taxes, an urgent privatization for cash as much as possible and for vouchers as little as possible, as well as to give up defaming domestic entrepreneurs; to forbid sergeants from the Directorate for Combating Organized Crime to rummage through the documents of firms without a court approval; to adopt a law on pledges, in which an owner, without asking anybody's permission, may pledge any of his property as security for a credit from a foreign bank; to give up the competitively-based state contract in its Soviet form; to give up useless whining about support for domestic entrepreneurs; and to introduce customs duties that will be able to flexibly change not according to interests of interested persons, but according to the economic situation. It is time to become landlords in our land!

A final question to ponder: What about the idea of creating an industrial-financial group on the basis of Russia's Krasnoyarsk Aluminum Combine and Ukraine's Mykolayiv Alumina Plant? The Krasnoyarsk Aluminum Combine has been fully privatized, and its shares cannot be found in Russia. The Mykolayiv Alumina Plant, no matter what it calls itself, is actually a state-run enterprise, and nobody owns any of its shares. What contribution will be made to the Russian-Ukrainian industrial-financial group? Will the Russian Government really buy someone's shares of the Krasnoyarsk Aluminum Combine? No. Have its shareholders resolved to issue additional shares and, by devaluing their own, to contribute those newly issued to the industrial- financial group? It appears that there has not been such a resolution. Instead, there is a fictitious Russian group "Tanako" which operates on the basis of the Krasnoyarsk Aluminum Combine and is not supported by any property shares. Thus, will the Russian-Ukrainian industrial-financial group be a merger of empty Russian shares of "Tanako" and authentic property shares of Ukraine's Mykolayiv Alumina Plant? Or, will the Russian side propose those foreign shares that are under consideration in the Arbitration Court and have already been lost three times by the Russian Government

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in order to involve Ukraine in litigation over them with foreign shareholders? Taking into account that "Tanako" includes a bankrupt plant from Achinsk and the Krasnoyarsk Aluminum Combine, which is in a very bad financial situation, it is clear that the Mykolayiv Alumina Plant is simply a donor in this dishonest Russian game. Who from the Ukrainian side plays into the Russian bankrupts' hands? There already are real aspirants to participate in the privatization of the Mykolayiv Alumina Plant: Daewoo from South Korea and Transworld Group from Great Britain. These are very wealthy companies.

This is why I assert that state bureaucrats should be completely separated from economic activity. This activity may be pursued only by a responsible owner who will not deceive himself.

If we now, with an inarticulate Constitution, deprive the president of his undivided authority in the country — the authority possessed by him in truncated form — we will be overcoming our misfortunes for a very long time. Reforms in the country can be conducted only by one man and in such a way as he has devised them. Yes, there should be opposition. However, this opposition should contribute to honing the sense and content of reforms, not to destroying them. Old worldviews are known to everybody, while new ones are known initially to one person, then to a very few. When ideas take possession of everybody, they become out of date. This means that the president should have the right to adopt resolutions on his own, and quickly. This is how I understand the process of building the country!

Ukraine: Program To Resolve Nonpayment Crisis Cited

WS0907130596 Kiev KIYEVSKIYE VEDOMOSTI in Russian 5 Jul 96 p 4

[Report by Serhiy Sokolovskyy: "Mutual Writing Off of Debts According to New Rules Will Resolve the Problem of Nonpayments, if the Government Is Tough Enough"]

[FBIS Translated Text] The government is preparing a package of new economic resolutions aimed at changing the situation in Ukraine as a whole. Among those resolutions there is a separate bloc of measures to resolve the nonpayment crisis. A new mutual writing off of debts is being planned, and the rules of the game are significantly changing.

Experts point out that the first element of those changes will be the introduction of treasury-issued promissory notes with which the estate will finance budget organizations, instead of using direct financing. The promissory notes will go through the following cycle: budget organizations-municipal services-banks and will return to the treasury in the form of taxes.

Second, there are plans to introduce a system of compromise debt agreements. Their essence lies in the following: debtors and creditors will have the right to independently determine the amount of debt. This means that if huge debts are incurred which cannot be repaid, the parties may agree that a much smaller sum should be repaid, but the payment should be executed within a very short period. Deputy Prime Minister for Economic Reform Viktor Pynzenyk believes that "managers will face the following choice: either they wait for reclaiming their 100 billion karbovantsi [..] until judgment day or they immediately receive K20 billion and remove the issue from the agenda. The latter option is currently much more preferable." Incidentally, this method is not a new invention. For more than 200 years the West has successfully used the system of selling nonrecoverable debts with significant discounts.

The system of payments will be changed, too. According to economists, the current system gives only one guarantee: if a company stumbles and incurs debts, it is doomed. Servicing banks have to write off companies' debts from incoming revenues. A certain manager bitterly told me: "It is not I who manages my plant's money; it is a petty clerk in my bank." It should be admitted that also in the past there were attempts to make corrections in the payment procedure. Problems with the payment of wages have put this issue on the ffront burner. The budget, too, has suffered because it failed to receive trillions of karbovantsi in the form of taxes. The idea of compromise agreements looks as follows: enterprises would first clear their debts to the budget, then eliminate wage arrears, then finance their urgent needs, and only the remaining sum (if there is such) would be used to repay debts. At the same time, the payment of taxes would be executed exclusively depending on the financial situation: if money is acquired, taxes are paid; if the safes are empty the budget will gain nothing from imposing taxes which cannot be collected. Along with that, a new procedure of depreciation allowances will be introduced, according to which accelerated reproduction will be stimulated by lower taxes.

However, for enterprise managers there is also the downside. Failure to exercise control over companies and irresponsible decisions will be fraught with financial responsibility, in addition to the risk of losing their jobs. Changes will be made in the legislation on contracts. Managers will also be responsible for the timely payment of taxes. The prime minister has declared a war on barter and customer-supplied raw materials, especially in highly profitable sectors.

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Will the government cope with all those plans? Experts tend to believe that the program is doable, although the huge latent budget deficit constitutes a major threat to it. If there is not enough political will and resoluteness the program, just as its predecessors, it will become another flop.

Ukraine: Government's Advance Payments to Farmers Detailed

WS0807125996 Kiev UKRINFORM in English 1141 GMT 8 Jul 96

[From the "Business News Weekly" feature]

[FBIS Transcribed Text] According to Hryhoriy Hermanchuk, deputy chief of the Ukrainian Food and Agriculture Ministry's Finance Department, the government had made an advance payment equal to 58 percent of the value of this year's state contract for grain, as of July 4. As of that date, the government had paid 74.3 trillion karbovantsi [K], including K44.3 trillion in cash, and had supplied fertilizers and pesticides worth a total sum of K17.8 trillion and equipment, seeds, and other goods collectively worth a total sum of K12.3 trillion. An additional K1 trillion is expected to be paid in cash within the next few days.

In accordance with a government decision, advance payment equal to 60 percent of the value of the state contract (K78 trillion, including the cost of goods being supplied) must be paid by July 5.

This year, agreements for 60,000 tons of bread grain were re-negotiated with the farms that failed to repay the credits which they obtained in 1995 for use in implementing the state contract.

An advance payment of 10 trillion karbovanets has been made on the contracts which regional administrations signed for 3,398,000 tons of grain worth a total sum of K98.3 trillion. Fulfillment of the 60 percent contract-advancement requirement is not compulsory for regional grain contracts.

As of July 1, regional administrations had signed contracts for the following products:

- 496,000 tons of meat and poultry;
- 4.3 million tons of milk;
- 315,000 tons of sunflower seeds;
- 17,000 tons of sugar beet;
- 73,400 tons of potatoes;
- 386,000 tons of vegetables;
- 1.2 billion eggs.

No provisions were made for advancement of these contracts.

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Belarus

Belarus: Lukashenka: Opposition Trying To Spoil Ties With Yeltsin

LD1007100296 Moscow INTERFAX in English 0936 GMT 10 Jul 96

[FBIS Transcribed Text] MINSK, July 10 (Interfax-West) — Belarus President Alyaksandr Lukashenka told the editors of the leading newspapers in Minsk Wednesday that he is "concerned" about the attempts by the opposition forces "to drive a wedge" between himself and Russian President Boris Yeltsin. The meeting was devoted to the second anniversary of his election to the presidential post.

He said the opposition is circulating the provocative rumor that he financed Gennadiy Zyuganov's election campaign.

He also said that leaders of the Belarusian Popular Front Zenon Poznyak and Sergey Naumchik, who have left for Warsaw, are setting the Belarusian and Russian presidents against one another. "However, Yeltsin has one good, or maybe bad trait of character: if he has established good relations with someone, nothing can spoil them," said Lukashenka. "It is not in the interests of Russia to alienate Belarus," he added.

Lukashenka is convinced that "the opposition must exist in any society." He noted, however, that the opposition should be constructive. Otherwise, he said, the opposition is becoming an enemy of its people.

He said that Sharetskiy's speech in the parliament a month ago, in which he likened the presidential administration with the Politburo of the former Soviet Union's Communist Party, and the president with the Communist Party's general secretary, was a mistake. "It is impolite to assess the moves by the head of state in his absence," he said. In his opinion, Sharetskiy's speech "influenced relations between Lukashenka and the parliament, not Lukashenka and Sharetskiy."

He said that the main results of his two years in office was that Belarus has remained an integral state and avoided many negative tendencies experienced by other states. "No one is preventing the citizens of Belarus from working and earning money," he said.

He announced that in the middle of July he will adopt a program which sets forth the state's political course. The document is based on three provisions of Lukashenka's election program: the principles of pricing policy, measures to combat corruption and the restoration of the old and the establishment of new economic contacts with the former Soviet republics.

Belarus: Lukashenka Interviewed on Two Years in Office

LD0907191896 Minsk Radio Minsk Network in Belarusian 1600 GMT 9 Jul 96

[FBIS Translated Excerpt] Tomorrow, it will be two years since the election of the first Belarusian president, Alyaksandr Rygoravich Lukashenka. According to the president's press service, Lukashenka will spend his second anniversary as president at work. [passage omitted]

Today, the head of state met the editors-in-chief of the leading newspapers. Here are details from our correspondent Svyatlana Ilyushenka:

[Begin recording] [Ilyushenka] Not a single issue of our life remained unattended by the participants of the meeting: the situation in the economy, agriculture, social spheres, finances, and banking. All these subjects were discussed from various points of view by the head of state and journalists. The president met the chairman of the Belarusian National Broadcasting Company, Rygor Kisel; the editors-in-chief of the following publications: NARODNAYA GAZETA — Mikhail Shymanskiy, SAVETSKAYA BELARUS — Pavel Yakubovich, ZVYAZDA — Uladzimir Narkevich, RESPUBLIKA — Syargey Dubovik; the assistant to the president, Aleg Sluka; and the head of the Chief Department of Public and Political Information, Mikhail Padgayny. The main question, of course, concerned the results of the two-year work of Belarusian President Alyaksandr Lukashenka. The question was put to the head of state by the chairman of the Belarusian Broadcasting Company, Rygor Kisel:

[Kisel, in Russian] Alyaksandr Rygoravich, two years ago [several words] the president of the republic by a vast majority of votes. Since then a lot of events have taken place which can be divided into categories: first, [words indistinct] the events which [word indistinct] as the head of state; second, the events which [word indistinct] unfortunately the circumstances; third, the events which developed [passage indistinct].

[Lukashenka, in Russian] Of course, when a person has lived through a certain period in his life, especially if his life is connected with a nation, if it is a person on whom the life of the nation depends to a large degree, he, voluntarily or involuntarily, returns to his past and begins to analyze it. [passage omitted]

There has been everything. But if I am to assess the best, without going into details, the main thing achieved is the preservation of (?peace), the prevention of the processes which are taking place in other former Soviet republics. Yes, people's lives are hard. However, I must say that we live as we work today, as we are able to live

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today. Nobody stops anybody today from working and earning in the country today. [passage indistinct] When I meet at enterprises [word indistinct] I always tell people: as president I have created every condition for people today to be able to earn. I was not elected as general director, I was elected as president. A general director of this or that enterprise must provide people with work. Produced goods must be sold in time and wages must be paid. As for employees, they must work honestly and diligently. Therefore, I am ready to accept part of the reproaches from the enterprises that are unstable today, but just part of them. All the rest is the business of collectives themselves and their leaders. I do all that can be done for (?these) collectives and I will do that. I never refuse to help people and I will help them. Therefore, the most important thing is that a person can work, that he has a country in which he lives, and that this country will continue to exist always.

We have prevented large conflicts no matter how some people wanted them. Even when the president had to take some measures, we took them fast and effectively. Maybe some people did not like that, but we did not allow the process to develop or, moreover, we did not put a cork on it. Therefore, the events which had been initiated, not by me but by a small part of our society, there have been such initiatives, but I believe, and I hope you will agree with me, the authorities have dealt with those situations mostly well and with dignity. [passage omitted]

There have been objective reasons too — this concerns my deliberations when I assess in what I have failed during these two years. They are mostly objective reasons. You must all understand very well that Belarus is part of a huge single economic complex. [passage omitted]

But when I am being reproached: this has not been done, that was promised and has not been done, this could have been done — I always say: You know, since we were always together, let's have a look at how our former brothers and neighbors live and draw relevant conclusions. This is, you know, a (?comparison). And when I begin to talk to people and when our people return from outside the country they say: It is still possible to live here.

You have asked a very interesting question, Rygor Leanidavich [Kisel], concerning a president and a citizen. Naturally, there is no fundamental difference between Lukashenka as president and Lukashenka as citizen. For me as citizen, being president is my job. This is the most important thing. I have no other goals today. Lukashenka as citizen has nothing in particular from Lukashenka as president [as heard]. I see it as my task, first of all, as president to improve people's lives at least by a little bit and, to be honest, to prevent their worsening. [passage omitted]

The more difficulties I come across, the harder I work and I demand the same from my subordinates. The obstacles erected [word indistinct] by certain people and political parties on the path of President Lukashenka — they must known that [word indistinct] (?beware of) my work towards constructive aims and towards creating good conditions for the functioning of our state.

[Ilyushenka] The participants in the meeting discussed in detail the relations and interaction between all the branches of power. They also discussed the foreign policy of Belarus, the responsibility of state for the development of the national culture and language, and the state of science. A detailed account of this meeting will be broadcast today on television after the "Panorama" program. [passage omitted]

[Lukashenka, in Russian] I will always be an honest person, I will always in a person of principle, a sincere person. I will do everything I can to support our people in these hard times. I will do everything to glue our society together. [passage omitted] [end recording]

Belarus: Opposition Leader Appeals for President's Dismissal

LD0907153796 Moscow INTERFAX in English 1448 GMT 9 Jul 96

[FBIS Transcribed Text] MINSK, July 9 (Interfax-West) — Leader of the Belarusian Popular Front Zenon Poznyak has asked the chairman of the republic's Supreme Soviet, Semyon Sharetskiy, to initiate a "legal" dismissal of Belarusian President Alyaksandr Lukashenka.

Poznyak "is persisting in the creation of a special medical commission to examine the state of the Belarusian president's health," the parliamentary administration told Interfax Tuesday.

"Systematic violation of laws, the constitution and human rights by Lukashenka have become dangerous for society and the Belarusian state, have aroused general crisis and pose a threat to human life," Poznyak said.

Poznyak illegally crossed the Belarusian-Polish border after an unathorized rally, dubbed "Chernobyl's Path," was held in Minsk on April 26 on the initiative of the Belarusian Popular Front. The rally led to clashes between the demonstrators and law enforcement officials.

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Poznyak has been working on the creation of Belarusian information centers in Warsaw and Belostok for about two months. Their main aim is "to spread true information on the situation of ensuring human rights in the republic."

Poznyak recently left Warsaw for London.

During a conversation with Interfax late last week Sharetskiy spoke negatively about the presence of representatives of Belarus' opposition forces abroad. The leader of the Belarusian Popular Front "should not look for support abroad, he should stay in his native land and, as any constructive opposition, (the movement) should voice its proposals to the parliament, president and its people," Sharetskiy said.

Belarus: BPF Leader Views Tasks in Exile

WS0907125996 Minsk IMYA in Russian 5 Jul 96 p 3

[Interview with Zyanon Paznyak, chairman of the Belarusian Popular Front [BPF], by Aleh Babenin; place and date not given: "...and Our Apartments Are Occupied by Commissars"]

[FBIS Translated Text] **The Russian presidential elections were indubitably a major event last week. For IMYA, however, summing up the results of a poll among the readers was a no less important occurrence. It turned out that to question 15 "what celebrity would you like to read an interview about in our newspaper," 18.8 percent of our readers answered "with Zyanon Paznyak," — which was the most numerous response. Naturally, this vox populi could not remain unheard: the IMYA editorial staff always values the opinions of its readers. Since Zyanon Paznyak is in a state of emigration today, it was resolved to devote the interview with him to this circumstance.**

[Babenin] How long are you going to stay in forced emigration, and is it really forced?

[Paznyak] I think that all will be resolved this year. Indications are clear. It seems that Halina Radzivonawna was right. [reference to an unspecified statement by Lukashenka's wife]

Now about "force." Of course, one could also stay in Belarus. However, experience shows that in politics only those are right who are alive. Staying in prison is not the best way for operative politicians. Otherwise, regimes would not strive to imprison them. When authority belongs not to the law, but to a petty tyranny, one should proceed from the existence of the petty tyranny, that is, one should be guided by political pragmatism.

When police sub-machine gunners cordoned off the block in which I live, those who sent them in no way expected that I would leave the house immediately for abroad. They supposed that I would be playing their troglodyte games. However, I do not play with such "clever men." They will be held responsible before the law, notwithstanding their stupidity. Some of them have already been forewarned.

On 26 April I returned to the motherland to take a look at those ruling the country. People say that, trying to catch me, they fiercely quarreled among themselves. They even issued an order: "to arrest Z.S. Paznyak and S.I. Navumchyk if they try to leave or enter the country." Possibly, these "issuers" are unable to read and have not looked into the Constitution. Their illiteracy, however, will not be an extenuating circumstance.

[Babenin] What are the main functions of an opposition leader who is abroad?

[Paznyak] General leadership of the Front and its foreign policy. If under the circumstance of an authoritarian, antidemocratic regime the opposition is unable to conduct a systematic international policy, the opposition's future victory seems problematic. It is not without reason that regimes always try to close the borders. I must say that the question of the BNF international policy was considered by the BNF leadership as early as 1995. The main burden of this policy also was laid on me. We planned trips, visits, and so on. The transformation of the Republic of Belarus into a police state has turned the opposition's foreign policy in a somewhat unexpected (for the authorities) direction.

It is necessary to realize that the pact on the unification of Russia and Belarus and the spiraling process of Russia's annexation of Belarus became possible only after the West surrendered us. The West, particularly following the "referendum" in May 1995, began to perceive us as a "black hole" in Europe. However, not only we, the Belarusians, can be blamed for this, as well as for many other things.

The opinion about our country among Western politicians is formed chiefly by Russian diplomats and intelligence services (in the interests of Russia, of course). Belarus, due to its political provincialism, does not even realize what "war" is being waged by the empire against our motherland. There have been no such things as Belarusian professional diplomacy or foreign policy. The BNF has begun to improve this situation — not without successes.

[Babenin] At whose expense are you staying abroad?

[Paznyak] I am supported by friends; I have a lot of friends everywhere.

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[Babenin] What is your assessment of numerous statements that emigration is in essence an escape?

[Paznyak] If you have in mind political emigration, then it is actually an escape — an escape from death or political persecution. In this sense, the words emigrant and escapee are synonyms.

[Babenin] Why are you accompanied by Syarhey Navumchyk? His persecution is out of the question, while his current status is not so significant as yours or that of BNF Acting Chairmen Barshchewski and Belenki.

[Paznyak] Syarhey Navumchyk is being persecuted by the Lukashenka regime for a special reason. Incidentally, he is the BNF press secretary and, recently, a representative of the Belarusian Helsinki Committee abroad. His status, however, bears no relation to this. Eighteen months ago it was Syarhey Navumchyk who proposed in parliament to create a special medical commission for examining the state of health of the elected president. It is a pity that the proposal was not supported then by parliament. Possibly, today we would not had all those problems and all that national shame. In addition, Syarhey's descent from the family of a major party official always provoked envy on the part of "paupers." A formal cause for Syarhey's persecution was the 24 March rally, which was headed by him on behalf of the organizing committee.

[Babenin] Do you not think that if you were on your native soil, your influence on political processes would be more weighty?

[Paznyak] It seems that you are right. However, this depends on conditions. A politician should act and should feel results of his thoughts, resolutions, and actions. He should influence events. If I was jailed — as usual, in contravention of all laws — I would at best look from behind bars at rare pickets in my defense, while others would continue to sell and torment my motherland. Should I have relieved myself from the sense of political duty and responsibility for my actions by allowing myself to be driven into a deadlock and by devoting the lion's share of the organization's activity to the struggle for my release? Should I have done it at the time when the BNF had enough problems without this? My and Syarhey Navumchyk's staying abroad at a time when the regime in Belarus is planning to isolate the BNF leadership by imprisoning it is not the worst scenario in such a situation.

[Babenin] Does your staying abroad not undermine your authority as the leader of the most numerous opposition movement?

[Paznyak] In Belarus, those who needed to have been undermining my authority since the creation of the BNF. In this sense, it is not essential for BNF enemies where I am and what I am doing. The main thing for them is to find an excuse. However, they have taken no action. For me, the measure of respect and authority may be found to some extent in the fact that, as before in Kiev and now in Warsaw, unknown people approach me everyday on the street to express their support, to ask about the situation in Belarus, and assure that "we are on your side," on the side of an independent Belarus.

I should note that we are very glad, along with Navumchyk, to receive this support. Thanks God, we have not lost time. Over the three last months, Ukraine, the Czech Republic, and Poland were informed about Belarus more than Belarus itself. Regarding Polish society, which until quite recently was very disappointed with Belarus after Lukashenka's "referendum," now it express its solidarity with our fight for independence, human rights, and democracy in Belarus. In this respect, Poland has changed radically. This may be confirmed by daily observing the development of events here.

We have recently issued the first edition of our information bulletin BELARUSIAN NEWS in Polish, a publication launched with the assistance of the Minsk information agency "Pavet." In Bialystok, jointly with local Belarusians and Poles, we are preparing a bulletin "Human Rights in Belarus" in Belarusian, Polish, and English. Foundations for a Belarusian information center have been laid in Warsaw. In early July, we will launch trips to Western countries: Great Britain, the United States, France, Belgium, and so on. The main purpose is to help our country defend human rights in Belarus.

[Babenin] In the event Alyaksandr Lukashenka remains in power for the entire term stipulated by the Constitution, will you put forward your candidacy for the 1999 presidential elections?

[Paznyak] If Belarusian society suffers Lukashenka until 1999, one can give up participating in elections. There will be no need to spend money on elections. At a joint meeting of representatives of the power ministries and with support from "a group of respectable collective farm workers," he can be appointed for his second term, and that will be all.

[Babenin] In your opinion, how will the situation in Belarus develop, and how can it be influenced by the outcome of the Russian elections?

[Paznyak] I am an optimist by nature, and I hope that this year the strange career of Brecht's character Arturo Ui [reference to Lukashenka] will come to an end. One of the scenarios is that he will be removed from power

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by those who brought him to it, that is, by Moscow. One cannot manage without them. However, all will depend on the behavior of Belarusian politicians and the Belarusian people in general.

I do not attach much importance to the Russian elections. Whoever sits in the Kremlin, Russia's imperial policy with regard to Belarus will not change. They will always be trying to control, subjugate, and annex us (unless we speak for ourselves, of course).

However, if the Russian elections result in a civil war in Russia, then changes may also take place in Belarus. I doubt whether they will be for the better.

[Babenin] What are the international reactions to Alyaksandr Lukashenka's latest statements about limiting trips abroad and so on?

[Paznyak] For the time being, I can refer only to the reaction of Polish and U.S. politicians as well as some foreign ambassadors and diplomats. They treat Lukashenka's statement as an abnormal move. They ask for the statements to be repeated to them once again, then they are surprised, and in the end they smile with understanding.

[Babenin] Do you not plan to bring your wife over?

[Paznyak] Now it is risky to plan something for longer than two months. Such are the times.

Moldova

Moldova: Transdniester Parliament Speaker Favors Early Settlement

LD0907121396 Moscow INTERFAX in English 1116 GMT 9 Jul 96

[FBIS Transcribed Text] TIRASPOL, July 9 (Interfax) - Parliament speaker of the self-proclaimed Moldovan Transdniester republic Grigoriy Marakutsa strongly objected to delayed signing of a memorandum on principles of Moldovan-Transdniester normalization in an Interfax interview Tuesday.

He "categorically disagrees" with Moldovan President Mircea Snegur who called against signing the memorandum before Moldovan presidential elections of November 17, 1996.

"If the refusal to sign the memorandum is caused by presidential elections, they could be sacrificed to the Transdniester settlement," said the speaker.

"Moldova is satisfied with the uncertain situation when Chisinau enjoys credits and assistance of international organizations and the Transdniester situation grows complicated day after day," he added.

The sides had agreed to sign the memorandum before the second round of Russian presidential elections. The signing date was postponed at the request of Russia, which together with Ukraine and the OSCE guarantees Moldovan-Transdnestr agreements.

"Chisinau has again changed its stand and backed away from the document. It may happen so the sides will fail to reach any decision," noted the speaker.

"Tiraspol stands for the soonest signing of the memorandum... We cannot say we are fully satisfied with this document, but it is hardly possible to elaborate a document which would fully satisfy both sides," he said. The draft memorandum was a result of compromises and concessions, and "it cannot be abandoned," noted the speaker.

Moldova: Snegur Warns Against Rushing Dniester Settlement

LD0807154996 Moscow INTERFAX in English 1351 GMT 8 Jul 96

[From the "Diplomatic Panorama" feature: by diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov, and others]

[FBIS Transcribed Text] CHISINAU, July 8 (Interfax) — Signing of the memorandum on normalization of relations between Moldova and the self-proclaimed Transdniester republic should not be hurried up, Moldovan President Mircea Snegur told a news conference in Chisinau last Saturday upon a visit of a Romanian delegation to Chisinau.

The signing of the memorandum had been postponed at Russia's request on the eve of the second round of presidential elections, Snegur said. A new date for the signing has not yet been discussed, he noted.

"We have nowhere to hurry," Snegur said. "Moreover, many issues remain to be considered.

"I personally believe that new problems should not be created on the eve of the presidential elections in Moldova, because faults will be found in any version of the memorandum," he said.

Moldova's foreign policy priorities are relations with Romania, Ukraine and Russia, Snegur answered journalists' questions.

"We are interested in maintaining economic relations with Russia and keep the eastern markets for our products," Snegur said. "Russia, Ukraine and Romania are our main partners."

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Moldova is comfortable with the present situation when Romania seeks NATO membership, while Ukraine does not participate in the CIS military bloc, he said.

"This guarantees Moldova's security, which proclaimed and observes its sovereignty, but builds its cooperation with NATO only under the Partnership for Peace program," Snegur said.

For his part, Romanian President Ion Iliescu said his country was also interested in good-neighborly relations with Ukraine and developing ties with Russia.

"Russia remains a great power of enormous potential," he said. "We seek Euroatlantic integration, but we regard NATO as a factor of European and regional stability, by no means as a counterbalance to Russia.

"We are interested in developing the democratic changes under way in Russia, welcome the victory of Russian President Boris Yeltsin and believe that only this way can eventually guarantee stability both in Russia and Europe as a whole," he said.

Moldova: Transdniester Criticizes Snegur Stance on Memorandum

LD0907170296 Moscow INTERFAX in English 1541 GMT 9 Jul 96

[From the "Presidential Bulletin" feature]

[FBIS Transcribed Text] President Mircea Snegur's recent statement that it would be inexpedient to sign the memorandum on the principles of normalizing relations between Chisinau and Tiraspol before the presidential election in Moldova has come under fire from the parliamentary speaker of the self-declared Transdniestrian Moldovan Republic, Grigoriy Marakutsa.

Earlier it was agreed that the memorandum would be signed on the eve of the second round of the presidential election in Russia. However, at the request of the Russian side, which is to act as a guarantor of the memorandum, the ceremony was postponed indefinitely.

Marakutsa has told Interfax on the phone he disagrees with President Snegur's opinion and described his refusal to honor the agreement to sign the memorandum as impermissible.

"We have had another chance to see that Chisinau changed its stance once again and abandoned a finalized document. It may so happen that we shall achieve no solution at all, Marakutsa said and confirmed that Tiraspol wanted the memorandum to be signed as soon as possible.

"We cannot say that this documents fully suits us. I doubt whether a document that would fully suit both sides can be drawn up at all. To achieve accord some concessions must be made. The draft memorandum is a result of compromises and concessions and we should not drop it. If the refusal to sign the memorandum is linked with the forthcoming presidential election I can say that even the election can be sacrificed for the sake of a settlement in Transdniestria," the speaker of Transdniestria's parliament has said.

He suspects that Moldova is quite happy about the situation of uncertainty, in which it can use loans and assistance from foreign organizations, while the situation in Transdniestria is worsening with every day.

One of the presidential candidates, leader of the opposition Party of Democratic Forces [PDF], Valery Matei, has criticized the draft memorandum.

He told a news conference in Chisinau that the "memorandum is based on concessions by Chisinau and that giving Transdniestria the status of a republic without specifying it is an autonomy implies federalization of Moldova."

PDF leader claims that the memorandum is evidence of the "political interests of the current Moldovan leaders, who proceed exclusively from electoral considerations and wish to make everybody think they can resolve the Transdniestrian problem."

Matei argues that Tiraspol is about to receive what it has been after for the past six years and that Chisinau has surrendered to Tiraspol and Moscow. "All this is the cost of the reluctance to internationalize the problem of Transdniestria in time," Matei said.

PDF leader is worried about proposals for Tiraspol's participation in formulating Moldova's foreign policy. "This would block Moldova's integration in NATO and peg Moldova to the CIS."

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Kyrgyzstan

Kyrgyzstan: Russia's Primakov Arrives, Says No Russian Foreign Policy Change

LD0907163096 Moscow INTERFAX in English 1619 GMT 9 Jul 96

[FBIS Transcribed Text] BISHKEK, July 9 (Interfax) — Russian Foreign Minister Yevgeniy Primakov arrived for a two-day working visit in Kyrgyzstan Tuesday.

Primakov told journalists at the airport that this was his first official visit to Kyrgyzstan and that he will discuss the potential for closer integration of Kyrgyzstan and Russia and ways to settle the Tajik conflict with the Kyrgyz leadership. The two countries have a duty to bring the conflict to an end, he said.

Asked by Interfax whether Russian foreign policy will change after the presidential elections, Primakov said that this will not happen. The processes started by Russian President Boris Yeltsin even before the presidential race will continue, he said. Integration in the CIS is one of these processes, he said.

"I think that integration is an objective need and the elections largely facilitated these processes," Primakov said.

Primakov drove to Kyrgyz President Askar Akayev's residence from the airport.

Akayev said in a keynote speech at the opening of the talks that Kyrgyzstan feels the positive impact of integration with CIS member-nations, notably Russia.

Following Yeltsin's electoral victory, the economic ties with Russia will hopefully become stronger, he said.

Primakov's schedule includes a meeting with his Kyrgyz counterpart Roza Otunbayeva, a visit to the Russian Embassy, a speech in the Kyrgyz-Slavonic University, a working dinner with Kyrgyz Prime Minister Apas Dzhumagulov and a meeting with the Russian border guards stationed in Kyrgyzstan.

Kyrgyzstan: Russia's Primakov: CIS Relations Remain 'Priority'

LD1007091596 Moscow INTERFAX in English 0859 GMT 10 Jul 96

[FBIS Transcribed Text] BISHKEK, July 10 (Interfax) — Russian Foreign Minister Yevgeniy Primakov confirmed that relations with CIS states remain Moscow's foreign policy priority.

Russia needs integration with CIS states to stabilize the economic situation and maintain its integrity, Primakov said as he addressed the faculty staff of Slavic University in Bishkek.

He warned against "mixing up integration with the restoration of the former Soviet Union," adding that integration should draw on mutual respect for the sovereignty of all CIS states and centuries-old fraternal relations with them.

The minister pointed out that the settlement of armed conflicts in the CIS is another compelling task facing Russia.

Speaking about the situation in Tajikistan, Primakov said that Moscow is interested in the speediest resolution of the conflict in that country where Russian soldiers continue to be killed.

The unstable situation in Afghanistan adds tension not only in Tajikistan and Afghanistan, but in the entire Central Asia, he added.

Primakov said that "while Russia is prepared to make certain compromises to settle conflicts in the CIS and facilitate integration processes, it will not agree to any compromises with NATO, which has been actively building up its presence in Central Asian states and other CIS countries."

Tajikistan

Tajikistan: Government Forces Withdraw From Center of Tavil-Dara

LD0907120896 Moscow INTERFAX in English 1110 GMT 9 Jul 96

[FBIS Transcribed Text] DUSHANBE, July 9 (Interfax) — Tajikistan's government troops left the center of the strategically important village of Tavil-Dara (200 kilometers east of Tavil-Dara) [as received] on Monday evening and consolidated their positions on the town's southern limits, about a kilometer from the previous positions.

A source in the Tajik president's staff told Interfax Tuesday that "the government forces have moved from the center of Tavil-Dara to avoid loss of life among civilians" in combat operations with the opposition.

"The number of killed and wounded servicemen has not been established yet," he said.

Tajikistan: Rebels Control Most of Tavil-Dara District

LD0907122496 Moscow INTERFAX in English 1201 GMT 9 Jul 96

[FBIS Transcribed Text] DUSHANBE, July 9 (Interfax) — Tajik rebels still control most strategic sites in the Tavil Dara district located 200 kilometers to the east from Tajikistan's capital of Dushanbe, government

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military sources told Interfax Tuesday. This enables the rebels to intensively shell government troops, they said.

Dushanbe controls about a dozen towns and villages in the region, "including such strategically important ones as Kalaikhusein, Sagirdasht and Labidzhar," the sources said.

Tajik rebels regularly receive reinforcement from Afghan territory, the sources said. For instance, a 100-man-strong well-trained unit of field commander Dzhumaboy penetrated into the Tavil Dara district last month, they said.

The Tajik Defense Ministry registered numerous helicopter flights from Afghanistan to Tajikistan, which delivered up to 4 tonnes of cargo and some 60 rebels.

The sources were concerned about the future of government troops captured by the rebels. "The rebels are reluctant to exchange them, despite the fact that the International Red Cross Committee requested them to do so," they said. "On just two occasions they freed 18 servicemen each time, handing the natives of the Leninabad region and of the Gorno-Badakhshan autonomous region to their parents."

Tajikistan: Iranian Envoy at Tajik Peace Talks Underlines Time Element

LD0907122396 Tehran Voice of the Islamic Republic of Iran First Program Network in Persian 0930 GMT 9 Jul 96

[FBIS Translated Text] The new round of Tajik peace talks, which began yesterday in Ashgabat, the capital of Turkmenistan, continued today. At the talks, which are being held at the invitation of the United Nations, being hosted by the Government of Turkmenistan and supervised by the representative of the Islamic Republic of Iran and the special envoy of the UN secretary general, discussions have been held about the need to establish a lasting peace in Tajikistan. At this round of talks, the Islamic Republic of Iran has stressed the priority of establishing an immediate cease-fire and exchanging prisoners. In an interview with our correspondent, our country's representative at the Tajik peace talks said the following.

[Unidentified correspondent] 'Ali Ashraf Mojtahed-Shabestari, Iran's representative at the talks said:

[Begin Mojtahed-Shabestari recording] In my own opinion, one of the best possible steps for establishing trust between the two sides would be to exchange prisoners and POWs. We have had discussions about this with the UN envoy and the Red Cross. We have even suggested that it may be possible — here in Ashgabat — for a small group from the two sides to concern itself for a few hours, away from the political and public talks, with the way in which these prisoners and POWs may be exchanged, bringing an end to the suffering of the people involved, the people being held in captivity. This would, ultimately, pave the way for better political talks.

At any rate, I would like to repeat that the difference between this round of talks and the previous rounds is the sensitivity of the time element. That is to say, things are not such that we can say that other opportunities like this will arise again. Unfortunately, I have to say that time is against all those people who are concerned about the destiny of Tajikistan and who are sympathetic. [end recording]

[Correspondent] Let me add that the new round of Tajik peace talks, which began yesterday in Ashgabat, will continue for two weeks.

Tajikistan: 'No Particular Headway' Expected From Inter-Tajik Talks

MM0907124496 Moscow KRASNAYA ZVEZDA in Russian 9 Jul 96 p 1

[Report by Vitaliy Strugovets: "Diplomats Take the Floor...."]

[FBIS Translated Excerpt] On the eve of the latest stage of the inter-Tajik talks government troops have liberated the republic's Tavildarskiy Rayon.

The latest statement by the Tajikistani leadership that government troops have liberated most of the republic's Tavildarskiy Rayon, including the rayon center itself, at last seems to correspond to reality. But it is too early to talk about official Dushanbe having full control over this strategically important region. If only because opposition detachments have changed their tactics lately, switching from large-scale actions on plains to a guerrilla war in the mountains, where government troops' armored vehicles and artillery, which constitute their striking element, are not so effective. This was confirmed by yesterday's attack by opposition gunmen on a Tajikistani Internal Troops armored personnel carrier on a mountain road in Komsomolabadskiy Rayon, Republic of Tajikistan (30-40 km northwest of Tavildara). Incidentally, according to Republic of Tajikistan Defense Ministry data, 129 Defense Ministry and Presidential Guard servicemen have died in the half-year of fighting in the Pamir region. Around 280 are missing or are prisoners of the opposition. In the opinion of military specialists the latter's losses are roughly the same. [passage omitted]

So it was against this military-strategic background that the third stage of the fifth round of inter-Tajik talks were due to begin in Ashgabat yesterday, 8 July.

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The first two stages, in November (1995) and January-February (1996), did not lead to substantial accords. If the experience of such meetings is anything to go by, no particular headway should be expected now either. In the opinion of observers the most likely solution of the conflict's problems lies only through a personal meeting between the leaders of the warring sides — Emomali Rakhmanov and Said Abdullo Nuri, as happened in spring last year.

Tajikistan: UN Reps Hold Talks With Government, Opposition

LD0907141396 Moscow INTERFAX in English 1348 GMT 9 Jul 96

[FBIS Transcribed Text] ASHGABAT, July 9 (Interfax) — Herd Ditrich Merrem [name as received], envoy of the U.N. Secretary General, is holding consultations separately with members of the delegations of the Tajik government and opposition in Ashgabat Tuesday.

Russian Foreign Minister Yevgeniy Primakov, on an official visit in Turkmenistan, held the same meeting with representatives of the inter-Tajik dialogue in the first part of the day on July 9.

Dushanbe plans to present its proposals to the U.N. envoy, Tajikistan's Foreign Minister and delegation head Talbak Nazarov told Interfax.

Speaking about his conversation with Primakov, Nazarov said that it was "a purely consultative one." He also confirmed Dushanbe's readiness to hold a meeting between Tajik President Emomali Rakhmanov and leader of the Joint Tajik opposition Sayed Abdullo Nuri. "The precise time of this meeting is still unknown," he said.

Merrem is expected to meet with the opposition delegation late at night. The time of the plenary session will be determined on results of the consultations.

Tajikistan: Opposition Leader Talks With Russian Foreign Minister

LD0907163896 Moscow INTERFAX in English 1520 GMT 9 Jul 96

[FBIS Transcribed Text] ASHGABAT, July 9 (Interfax) — Akbar Turadzhonzoda, head of the Tajik opposition delegation at talks with the Tajik government, is satisfied with the results of talks Tuesday [9 July] with Russian Foreign Minister Yevgeniy Primakov.

"I have become more optimistic," he told Interfax.

Turadzhonzoda said he had two meetings with Primakov, who presented his detailed views on the Tajik settlement. "Russia is interested in a Tajik settlement, and this is a priority of its foreign policy," he quoted Primakov as saying.

He said Primakov proposed a meeting between Tajik President Emomali Rakhmanov and opposition leader Abdullo Nuri, to which the opposition agreed. Primakov agreed that the meeting must be well-prepared in order to achieve some progress in the Tajik settlement, he said.

The Russian side displayed interest in the Tajik opposition's proposals on political and military issues, said Turadzhonzoda.

"I got the impression that Russia's top officials do not know what we want and thought that we are seeking to create an Islamic state. When I made clear what we want, Primakov said he was satisfied and would contribute to the settlement of the crisis," he said.

At the meeting the Russian side asked for bloodshed to be avoided bloodshed and for border violations to be prevented, he said. "We said that would be possible if Russia helps reduce combat activities in Tavil-Dara. Primakov agrees that the issues are linked and that it is necessary to help stop the fighting," said Turadzhonzoda.

He denied that government troops had captured Tavil-Dara. He said the opposition had regained the village of Farkin, which has eight fortified outposts.

Government troops lost 23 servicemen during the three days of fighting in the Tavil-Dara district, said Turadzhonzoda. One civilian was killed and several wounded as a result of bombing by government troops, he said.

Turkmenistan

Turkmenistan: Russian FM Hails Ashgabat's 'Neutrality'

LD1007100396 Ashgabat TURKMEN PRESS in Russian 0700 GMT 9 Jul 96

[Unattributed report: "Turkmenistan and Russia Intend To Extend Strategic Partnership"]

[FBIS Translated Text] Ashgabat, 8 Jul (TURKMEN PRESS) — Turkmen President Saparmurad Niyazov this afternoon received Russian Foreign Minister Yevgeniy Primakov, who has arrived in Ashgabat on an official visit.

The Russian foreign minister conveyed a verbal message from Russian President Boris Yeltsin to the Turkmen leader in which the Russian president praised the level of Russian-Turkmen relations that are developing

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on the basis of a new approach to establishing mutually advantageous cooperation on equal terms.

The Russian foreign minister then noted that foreign political links were being established between the two states at a rapid pace, and emphasized that the Russian leadership welcomed everything that was being done in Turkmenistan. The high-ranking guest stressed that, characteristically, there was practically not a single contentious issue between the two countries. We have a high regard for your country's policy of neutrality, Primakov said, emphasizing that the neutrality being observed in practice by Turkmenistan makes it possible for both countries to maintain a degree of strategic partnership. At the same time, the Russian minister put forward the view that in no circumstances could or should the nature of the two countries' mutual relations affect Turkmenistan's status of neutrality, which enjoys respect and support in Russia. We intend to help Turkmenistan in every way possible to develop as a neutral state, Primakov said.

President Niyazov, in his turn, stressed that Turkmenistan regarded Russia as both its strategic ally and partner and that Turkmen neutrality was in the interests of both countries. It was from this point of view that ways of promoting bilateral and also regional cooperation between the two states to establish economic links were discussed during the conversation. In particular, there was detailed discussion of the exploitation of the Caspian Sea by the littoral states. Noting that both states have similar stances on this matter, both parties said that they were in favor of straightening out all the matters of Caspian cooperation in the shortest possible time. In this context, President Niyazov backed Minister Primakov's proposal to hold a meeting of the foreign ministers of Caspian littoral states, as previously agreed, as soon as possible. It was stressed that it would be advisable to hold this forum in the capital of neutral Turkmenistan.

Both parties emphasized that the unique natural reservoir of the Caspian Sea belongs to all the states bordering upon it, and that the interests of all parties should be taken into account when dealing with the Caspian Sea or, all the more so, when proposing some ways of exploiting and using its mineral and biological resources. It was also noted, however, that when initiating any approach to the problem, each party has the right to assert its own priorities, but on the basis of both its own and common interests.

Primakov also supported Niyazov's proposal to make concerted efforts to influence the process of achieving peace in the region. The problem of an inter-Tajik settlement was discussed in this context. Pointing to the importance of the inter-Tajik dialogue that is resuming in Ashgabat, and to the positive peacekeeping role Turkmenistan is playing in this process, the Russian foreign minister focused attention on the need for an approach to this regional problem such as would clearly combine constructiveness with realism and respect for the national interests of Tajikistan.

Commenting on the results of his meeting with the president of Turkmenistan, Primakov said in an interview with TURKMEN PRESS that he was greatly satisfied that their views on the whole range of the questions discussed virtually coincided. At the same time, the Russian minister again spoke in favor of Turkmenistan's neutral status, underlining the total uniformity in the way Turkmenistan and Russia understand its role and nature. Primakov said that Russia regarded Turkmenistan's neutrality as an important aspect in a strategic partnership that excludes all military aspects. This, in turn, creates more opportunities and conditions for extending regional cooperation, including that within the CIS.

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Armenia

Armenia: Prime Minister's Office Denies INTERFAX Report on Shooting

NC0907181896 Yerevan Armenia's Radio First Program Network in Armenian 1700 GMT 9 Jul 96

[FBIS Translated Text] The government's press service has just informed us that INTERFAX's 8 July report on the alleged incident involving the Armenian prime minister and other officials does not conform with reality and that the government press service has issued no such statement. It is hoped INTERFAX will apologize.

Armenia: Failure of Stockholm Talks on Karabakh Viewed

NC0907191796 Yerevan Radio Yerevan International Service in Armenian 1630 GMT 9 Jul 96

[Station commentary: "Permanent Karabakh Talks"]

[FBIS Translated Text] We are already familiar with the expression permanent [preceding word in English] revolution. It means recurring, continuous, and perpetual. For many years now permanent talks for the resolution of the Nagorno-Karabakh conflict have been going on at different levels within the framework of various international organizations. And every time, at the end of the meetings lasting a few days, the concluding news arrives: The talks ended without any result. Similarly, the latest 5-day talks held in Stockholm also ended without any result.

It was the second meeting of the current round of talks being held under the auspices of the OSCE Minsk Group. The first had taken place in Moscow from 14 to 18 June again without any result.

The reason for the failure is that besides the conflicting sides' failure to find a common language, the sponsors of the talks do not understand the sides. For example, the Swedish Foreign Ministry official (Ingrid Tersman) describes the Karabakh Armenians as the Armenian separatists of the enclave, instead of using the term the fighters for national self-determination or independence.

Karabakh's political status, security guarantees, return of refugees, and the disarming of the gunmen are among the difficult issues to be resolved. Russia and Finland, the co-chairmen of the mediatory group, have not been able to fix any new date for the next round of talks. They could be postponed until after the Armenian presidential elections in September.

Flavio Cotti, the OSCE current chairman, has declared that the absence of political good-will between the sides is precluding any substantial progress.

Let us note that besides Russia and Finland, the Minsk Group also includes Belarus, France, Germany, Hungary, Italy, Sweden, Turkey, and the United States.

Azerbaijan

Azerbaijan: Delegation: Nagorno-Karabakh Talks Fruitless

LD0807154396 Moscow INTERFAX in English 1512 GMT 8 Jul 96

[FBIS Transcribed Text] BAKU, July 8 (Interfax) — The recent round of negotiations on the Nagorno-Karabakh settlement concluded in Stockholm brought no progress, Tofig Zulfugarov, the head of the Azerbaijani delegation, told Interfax on Monday.

Work on the text of the agreement to cease armed conflict has been concluded, he said, "however, currently the agenda of the talks includes key issues of the settlement and the parties adhere to different points of view regarding these issues."

The liberation of the cities of Shusha and Lachin and the return of refugees to the territories which the Armenian party must relinquish are of priority importance, Zulfugarov said.

The Armenian party holds an opposite point of view regarding these issues. "This time the Armenian party has shown a tougher position at the negotiations than earlier," Zulfugarov said.

Azerbaijan: Aliyev Pardons Former Political Opponent Pashayev

LD1007102996 Moscow INTERFAX in English 1013 GMT 10 Jul 96

[FBIS Transcribed Text] BAKU, July 10 (Interfax) — Azerbaijani President Geydar Aliyev has pardoned one of his former political foes, Arif Pashayev, a leader of the opposition Azerbaijan Popular Front.

Pashayev served as the deputy of the front's leader, Abulfaz Elchibey, who was the Azerbaijan president from July 1992 to June 1993.

In the early 1990's, Pashayev led Azerbaijani forces in the disputed enclave of Nagorno-Karabakh and organized the defense of the city of Lachin which was seized by the Armenians in May 1992.

In mid-1993, he was arrested on charges of surrendering the city to Armenians, but his guilt was not proven.

On September 29, 1994, Pashayev escaped from the Security Service's prison with three other former high-ranking officials, including ex-Defense Minister Ragim

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Gaziyev who was later sentenced to death in absentia. In mid-April 1996, he was extradited to Azerbaijan by Russia.

One month after his escape, Pashayev turned himself over to police.

Pashayev, whom authorities wanted to charge with escape, benefited from an amnesty announced by Aliyev in May 1996 in connection with Independence Day.

However, Pashayev's parents requested an audience with the president, fearing that the amnesty might not be applied to their son.

During the meeting today, Aliyev sought to allay their fears and issued an order to immediately pardon Pashayev.

Pashayev is expected to be released from prison later today after all the formalities are observed.

Azerbaijan: Minister Hopes for Change in Moscow Karabakh Position

LD1007085396 Moscow INTERFAX in English 0834 GMT 10 Jul 96

[FBIS Transcribed Text] BAKU/YEREVAN, July 10 (Interfax) — Azerbaijan said it hopes that the recent reshuffling in the Russian government will bring about change in its position in the Azerbaijani-Armenian talks over the disputed enclave of Nagorno-Karabakh.

"Baku wishes the position of the Russian representative at the talks, who will replace Vladimir Kazimirov, coincided with the state position of the Russian Federation," Azerbaijani Foreign Minister Gasan Gasanov told Interfax on Wednesday.

"It is known that (Russian President) Boris Yeltsin has said that the Armenian-Azerbaijani conflict can be resolved only through the recognition of the territorial integrity and inviolability of Azerbaijan's borders, while the status of Nagorno-Karabakh... can be determined as an autonomy within Azerbaijan," the minister said.

"Unfortunately, Vladimir Kazimirov did not always stick to this position," he added.

Kazimirov — the Russian president's special envoy to Karabakh and a representative of the Russian co-chairman of the OSCE [Organization for Security and Cooperation in Europe] Minsk Conference — is expected to be appointed Russian ambassador to Costa Rica.

His mediatory mission is being currently carried out by Valentin Lozinskiy, a co-chairman of the OSCE Minsk Conference.

At the same time, the head of the Azerbaijani delegation to the talks with Armenia, Deputy Foreign Minister Tofig Zulfugarov, told Interfax that not only the work of the Russian co-chairman of the OSCE Minsk Conference deserves criticism.

He said that at the just-concluded talks in Stockholm, the Azerbaijani delegation stressed the need to review the text of a political agreement on the conflict settlement drafted by the Russian and Finnish co-chairmen.

He noted that the text is poorly balanced and fails to take into account the national interests of Azerbaijan.

He pointed out that neither the Russian nor the Finnish co-chairman has coped with their tasks defined by the OSCE Budapest summit in December 1994.

"The co-chairmen of the Minsk Conference should understand that the Karabakh issue can be resolved only on the basis of international norms and principles calling for the recognition of the territorial integrity and sovereign rights of the state on its entire territory," Gasanov said.

He believes that "the problem of ethnic minorities can be settled within the framework of autonomy.... Only on these principles can the mediatory mission be successful," he added.

Meanwhile, the press service of the Armenian Foreign Ministry said on Tuesday that disagreements among the main parties to the conflict remained and that "no progress was made" in Stockholm.

The major disagreements concerned a safety zone along the entire line of confrontation, the demilitarization of territories and the withdrawal of troops from the Lachinsk and Shaumyan districts.

Azerbaijan: Abbasov, Bolshakov Meet in Dagestan

NC0907200396 Baku Radio Baku Network in Azeri 1800 GMT 9 Jul 96

[FBIS Translated Text] Azerbaijani First Deputy Prime Minister Abbas Abbasov and Russian Deputy Prime Minister Aleksey Bolshakov met in Makhachkala in Dagestan in recent days within the framework of the first session of the Azerbaijani-Russian intergovernmental commission. The need to strengthen the ties between our countries was reiterated. The sides agreed on the urgency of resolving a number of problems relating to the expansion of cooperation and on the need to take concrete steps to normalize transportation, communications, and border crossings between the two neighboring countries.

At the suggestion of Azerbaijani First Deputy Prime Minister Abbasov, the proposal for improvement of

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the border crossings, which had been removed from the talks' agenda but which was also supported by the Dagestani leadership, was again made a subject of discussion.

Accompanied by the leadership of the border troops of the two countries, Abbasov and Bolshakov paid a brief visit to border positions, and after becoming familiarized with the existing conditions returned to Makhachkala to continue the talks. An agreement was reached to appeal to the Russian Government to review its 19 December 1994 decision on restrictions of crossings on the Azerbaijani-Russian border and to adopt a relevant decision.

During the talks, Abbasov and Bolshakov signed documents on (?yearly) trade and economic cooperation and on the basic principles and directions for economic relations until the year 2000.

Georgia

Georgia: Shevardnadze Writes to UNSC on Conflict With Abkhazia

LD0907195896 Moscow ITAR-TASS in English 1952 GMT 9 Jul 96

[By Sergey Baybakov]

[FBIS Transcribed Text] UNITED NATIONS, July 9 (Itar-Tass) — Georgian President Eduard Shevardnadze urged the United Nations Security Council to use "the tactic of peaceful coercion" to resolve the Georgian-Abkhazian conflict.

In his letter to the Security Council chairman, the Georgian president points out that "methods of solving the conflict based on persuasion have been exhausted." He believes this does not mean, however, that talks should be given up.

"Quite the contrary, we should infuse fresh life into this process," Shevardnadze writes. "Still, the shortcut to solving the conflict is the use of a tactic of peaceful coercion without which any calls to sense and fairness are pointless."

The Georgian president addressed the Security Council after a report of the U.N. secretary-general had been published in New York.

In the report, Butrus Butrus-Ghali admitted that there is no progress in the settlement of the Georgian-Abkhazian conflict and that the central question of the confrontation, definition of Abkhazia's political status, remains unresolved.

At the same time, Butrus-Ghali expressed the conviction that negotiations between the Georgian government and the Abkhazian authorities are the only means of settling the conflict.

Expressing the hope that the sides can still be persuaded to continue the talks, he recommended to the Security Council to extend the mandate of the U.N. mission for supervision in Georgia till January 31, 1997.

The Security Council will open consultation on the U.N. Secretary-General's report this week, Itar-Tass learnt from well-informed sources.

Shevardnadze's letter which expresses the hope that the new resolution of the Security Council will serve as the last warning to the Abkhazian side will apparently be discussed at the consultations.

Georgia: South Ossetian Leader To Uphold Independent Status

AU0907133596 Tbilisi REZONANSI in Georgian 4 Jul 96 pp 1, 2

[Interview with Ludvig Chibirov, chairman of the South Ossetian Supreme Council, by REZONANSI correspondent Davit Gachechiladze; date and place not given: "'We Will Defend What Belongs To Us,' Stated Ludvig Chibirov"]

[FBIS Translated Text] On 3 July, at 1400, a few hours before the end of the presidential elections in Russia, Ludvig Chibirov, chairman of the "South Ossetian" Supreme Council gave an exclusive interview to REZONANSI.

[Gachechiladze] Who would you like to see as president in Russia?

[Chibirov] This issue is being decided by the Russian people. Both candidates are acceptable to me.

[Gachechiladze] Will a communist victory change your attitude?

[Chibirov] We will see. Time will show us everything.

[Gachechiladze] Do you allow the possibility of "South Ossetia's" unification with Russia?

[Chibirov] I refrain from answering this question.

[Gachechiladze] What is your number one problem today?

[Chibirov] Our primary problem today is starting the process of peaceful negotiations that should determine our status. The main thing is to get it underway and to participate in it.

[Gachechiladze] What status do you wish for in the future?

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[Chibirov] As regards the republic's status and other important questions, they will be resolved only after quadrilateral official delegations are created and negotiations begin on a political settlement of the problem.

[Gachechiladze] Whom do you mean by the four participating sides?

[Chibirov] First of all, Russia and Georgia and North and South Ossetia with the participation of the OSCE.

[Gachechiladze] Do you consider Shevardnadze also to be the president of "South Ossetia?"

[Chibirov] I can say that an agreement has been reached on a meeting between Mr. Shevardnadze and Chibirov, chairman of the South Ossetian Supreme Council. The date of our meeting will be fixed in the near future and we will then talk about all those issues that are of concern to both you and us.

[Gachechiladze] What position will you defend at this meeting?

[Chibirov] It is difficult to say in advance.

[Gachechiladze] Will you try to preserve your independence?

[Chibirov] Of course, we will defend what belongs to us and what we believe is necessary. We will defend such a republic and such a position that will exclude a future repetition of those events that have already occurred between our peoples. Specific issues will be resolved only through negotiations. I believe that a process of lengthy negotiations awaits us.

[Gachechiladze] If Georgia adopts a radical stance and the negotiations do not bring any results, will you permit a military solution to the problem?

[Chibirov] It is difficult to talk about what will happen in the future before the talks take place. We will act according to the situation. Many problems have accumulated over the last seven to eight years that demand to be resolved and God forbid that we should again go to war.

[Gachechiladze] Are you satisfied with the peacekeeping troops?

[Chibirov] We are satisfied with what they are doing and, moreover, we have stated this to the Russian government. The peacekeeping forces are fulfilling precisely the functions with which they have been entrusted.

[Gachechiladze] How would you assess the visit made to Moscow by Chechen President Yandarbiyev?

[Chibirov] I don't know what I can say in this regard. Many things lie ahead of us.... (pauses) I do not have the right to speak about Yandarbiyev's visit although we, of course, are interested in knowing how the Chechen problem will be resolved. A meeting with Mr. Shevardnadze awaits us at which concrete steps will be outlined for resolving the conflicts.

[Gachechiladze] What is the current crime situation? Is it possible to take a vacation in your mountain resorts?

[Chibirov] There are no problems for foreigners provided they register in advance with the tourist center. In particular, there are no problems for Russian citizens. The crime situation is now normal and we accept full responsibility for security.

[Gachechiladze] Can Georgian citizens feel secure on your territory?

[Chibirov] Not yet. At the moment, we do not have any relations with Georgia.

Georgia: Abkhazia Demands Georgia Withdraw Forces From Kodor Canyon

LD0907133196 Moscow INTERFAX in English 1225 GMT 9 Jul 96

[FBIS Transcribed Text] SUKHUMI, July 9 (Interfax) — Abkhazia's Defense Ministry has demanded the immediate withdrawal of all Georgian armed formations from the Kodor Canyon.

"The Abkhaz party retains the right for adequate measures if this demand is not fulfilled," reads the statement distributed Tuesday.

Earlier Tbilisi's representatives reported the transfer of 100 Georgian policemen to the Kodor canyon.

However, a representative of the Russian peacekeeping forces command based in the zone of the Georgian-Abkhazian conflict did not confirm the presence of Georgian police in the Kodor Canyon to Interfax.

According to him, representatives of peacekeeping forces and Abkhazia's Defense Ministry flew to the Kodor Canyon to examine the situation.

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Estonia

Estonia: Premier Discusses Current Issues With Hillary Clinton

WS1007072896 Tallinn ETA in English
1704 GMT 9 Jul 96

["News Release"]

[FBIS Transcribed Text] Tallinn, July 9 (ETA) — Hillary Clinton, on a two-day goodwill tour to Estonia, assured Estonian Premier Tiit Vahi on Friday that Estonia and the Baltic states had made the right choice in their path of development.

She pledged the support of the U.S. to the fast development of the eastern region of Europe and its integration to a common Europe.

Premier Vahi thanked the people of America and its government for understanding Estonia after the country regained independence in 1991 but also in the decades before it.

Vahi stressed that the United States were an example of democratic development and its guarantees to all the peoples of the world.

Hillary Clinton praised Estonia for the reforms carried out for democracy and market economy. She assured that she was constantly in contact with the progress of Estonia and other Baltic states.

Speaking of the somewhat marred Estonian-Russian relations, Vahi said that Estonia was interested in enhancing a normal and mutually beneficial economic cooperation between the countries.

Vahi said that his government was prepared to negotiate with the Russian government in all the sore issues in order to make progress.

Clinton and Vahi agreed that the investments planned by large American companies in the key structures of Estonian economy was a firm sign of the interest of the West to guarantee the security of the Baltic states and the whole region.

The major American investment in contemplation would give NRG Energy 99 per cent of Estonian power production facilities for several hundred million kroons.

Estonia: MPs Ask Hillary Clinton To Help Solve Chechnya Conflict

WS1007121296 Tallinn BNS in English
1012 GMT 10 Jul 96

[FBIS Transcribed Text] Tallinn, Jul 10, BNS — Estonian MP Krista Kilvet on Tuesday handed to Hillary Clinton letters by Baltic parliamentarians asking the U.S. first lady to commit her efforts to helping resolve the conflict in Chechnya.

"We turned to Hillary Clinton because she has been active in the protection of women and children and because most of those who suffer in Chechnya are women and children," said MP Lauri Vahtre, who initiated the appeal in Estonia.

The MPs in the letter ask Hillary Clinton to commit her influence to finding a peaceful solution to the Chechnya conflict and to achieving a situation when the Chechen people could exercise their right for self-determination.

The letter was signed by about ten members of the Estonian parliament.

Also delivered to the U.S. first lady in Tallinn was a letter by Lithuanian parliamentarians.

The letter, addressed to Bill Clinton, says that by recognition of the Chechen people's right for self-determination, the U.S. leader would show that the U.S. foreign policy is moral and that Americans respect human rights, democracy and freedom of not only big nations, but also of the small ones.

No such letter came from Latvia, although MPs from that country had been originally expected to join their Estonian and Lithuanian counterparts.

Estonia: Asylum Not To Be Granted to Russian Group's Adherents

WS0907133396 Tallinn BNS in English
1155 GMT 9 Jul 96

[FBIS Transcribed Text] Tallinn, Jul 9, BNS — Estonia will not grant asylum to members of a Russian Orthodox branch who say they are persecuted in Russia because of their opposition to the official church.

A senior official at the Estonian Interior Ministry said the Baltic country was refusing to accept members of the Russian True Orthodox Church as refugees but would not object if some of its clergy sought a work permit to hold religious services in Estonia.

"Estonia currently lacks definition of the status of refugee in its legislation and Estonia is not going to join the international convention on refugees in the near future; so the members of the Russian True Orthodox Church cannot get asylum here as refugees," said Tiit Sepp, vice chancellor of the Interior Ministry.

The True Orthodox Church, which functioned underground in Russia in the years of Soviet power, had sent a letter to the Estonian Embassy in Moscow asking for asylum for its members. The Synod of the church said in the letter addressed to Ambassador Mart Helme that

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Russian authorities prevented the church from functioning and wouldn't even return the ruins of its churches to it.

Sepp said another reason behind the refusal was that granting of asylum to believers from Russia who are in conflict with the Moscow official church would negatively affect the Estonian-Russian relations.

The True Russian Orthodox Church emerged in the former Soviet Union in 1927 when the once united church split into three under Communist purges, with one part of the clergy becoming reconciled and collaborating with Soviet power, another going into exile and a third one going underground. The last faction later became the True Orthodox Church.

There is no information on the number of followers of this faith, nor is it clear how many of them were seeking asylum.

Latvia

Latvia: Prime Minister Announces Plans for Government Reshuffle

LD1007101296 Riga Radio Riga Network in Latvian 0901 GMT 10 Jul 96

[FBIS Translated Text] Today, at a session of the cooperation council of factions forming the government, Prime Minister Andris Skele disclosed to the factions changes in the composition of the government that have been promised. The names of the ministers affected by these changes will only become known on Monday [15 July].

Jurgis Liepnieks, the prime minister's press secretary, has said that after this reshuffle the government will become smaller in size, and therefore, budget funds needed to maintain the administrative apparatus will be reduced. The duplication of the functions of different ministers will also be avoided.

Latvia: Government Approves Draft Border Agreement With Estonia

LD0907190396 Riga Radio Riga Network in Latvian 1800 GMT 9 Jul 96

[FBIS Translated Text] Today, the government approved the draft agreement on the delimitation of the sea border between Latvia and Estonia. The draft agreement was also approved today by the Estonian Government's session. The agreement is to be signed on 12 July by the Latvian and Estonian prime ministers, Andris Skele and Tiit Vahi. For the agreement to take effect, it must be ratified by the two countries' parliaments. It should be added that this agreement is to normalize [word indistinct] the so-called pilchard wars between Estonia and Latvia.

Lithuania

Lithuania: MPs Send Letter to Hillary Clinton on U.S. Foreign Policy

WS1007080396 Vilnius ELTA in English 1832 GMT 9 Jul 96

[From "News Bulletin" No. 1049]

[FBIS Transcribed Text] Vilnius, July 9 (ELTA) — Thirty members of Lithuanian parliament (Seimas) addressed US President's wife Hillary Clinton asking her to urge her husband Bill Clinton to become a principal model of how the international legal regulations should be kept and implemented.

"By resisting to Russian policy of burnt land in Chechnya President Clinton would show the morality of US foreign policy, the respect to human rights and the recognition of democracy and freedom not only for numerous nations but also for non-numerous ones," the open letter spread on Monday reads.

Thirty Seimas members think that "by such a behaviour President Clinton would word his right [as received] to be the leader of world community and would not deepen ethical crisis of US foreign policy."

The letter had to be delivered to Hillary Clinton on Monday in Tallinn; similar letters were expected to be given by Latvian and Estonian parliamentarians, as well as International Parliamentary Group on Chechen problems.

Lithuania: Protection System Halts Malfunction at Nuclear Plant

LD0907125096 Moscow ITAR-TASS in English 1209 GMT 9 Jul 96

[By Vladlas Burbulis]

[FBIS Transcribed Text] VILNIUS, July 9 (Itar-Tass) — The automatic protection system at the Ignalina nuclear power station in Lithuania switched on on July 8 to reduce power generating by a nuclear reactor. The radiation level at the station was reported unchanged.

Director of the nuclear power station Viktor Shevaldin said that the fourth turbine generator switched off on July 8 after the failure of the steam supply valve. The turbine generator was re-connected to the power grid several hours later. Today, the entire energy block has been operating to its full capacity, the director said.

This is the second incident of malfunctioning of the system regulating the generator this month. The first one occurred on July 5, when in a similar situation the personnel of the nuc power station took emergency measures to eliminate the defect.

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